ANNUAL REPORT 2007
New branding for Te Runanga o Ngati Porou was launched as part of the 20th celebrations on 1 September 2007.
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Vision
Ko te whakapumau i te mana motuhake o Ngati Porou i roto i tona mana Atua, mana tangata, mana whenua.

Mission
The vision of Ngati Porou will be achieved through affirming the Matauranga Ngati Porou and its application to cultural, economic, environmental and social developments that contribute to the prosperity and survival of Ngati Porou whanau and hapu while actively enhancing the “mana motuhake” of Ngati Porou.

Beneficiaries
Nga uri o nga hapu o Ngati Porou mai i Potikirua ki Te Toka a Taiau “the descendants of the hapu of Ngati Porou from Potikirua to Te Toka a Taiau”.

Over-arching principles based on Ngati Porou quadruple bottom line:
- Cultural relevance and revitalisation
- Economic growth and prosperity
- Environmental sustainability
- Social responsiveness and responsibility.
CHAIRMAN’S REPORT

Ngati Porou tena koutou i nga mate o te wa kua pa nei ki a tatau mai i tena whanau, ki tena whanau. E nga mate haere.
Ko matau o o koutou morehu ki muri nei, hei pa whakamaumahara ki a koutou, me nga tumanako i tumanakohia e koutou, e tatau hoki.

Introduction
The annual report, as in previous reports of this nature, spells out the activities and tasks undertaken by Te Runanga o Ngati Porou over the past 12 months.
I am pleased to report that the trustees of Te Runanga o Ngati Porou have taken their trustee responsibilities very seriously as indicated by their individual attendances specified on page 9. I missed two meetings due to tangihanga and sessions with the Crown. Special meetings of the board were also interrupted by additional meetings with Crown officials and Ministers of the Crown in respect of:

- exploratory discussions concerning direct negotiations regarding our Treaty claims
- meeting with Te Whanau-a-Apanui and Crown officials regarding the Foreshore and Seabed.

Highlights since 1997 and 2007 are adequately summarised in this report. For myself, this year has been a very demanding time with issues such as the Foreshore and Seabed consuming much of my focus as with the exploratory discussions concerning direct negotiations with the Crown. Time has likewise been absorbed by discussions with the Crown and other iwi concerning climate change, which is looming as a major issue.

Carbon credits is very important for Ngati Porou given that Ngati Porou Whanui Forest Ltd is the first forestry company in New Zealand to have established a carbon forest. Our presence in these forums is imperative to ensure that our initiative and rights in this arena are protected and that policies established do not disadvantage us.

Ngati Porou Fisheries Group
I have spent much time talking to general manager Mark Ngata and chairman Whaimutu Dewes about fisheries matters. This culminated in the launching of the company Real Fresh on the Gisborne wharf in the former premises of Moana Pacific. The public and business interest in Ngati Porou fisheries is huge and very positive. We should all be very proud of the growth and developments of our fisheries company and the future benefits for our people in the foreseeable future. This, and advances being made by Ngati Porou Whanui Forests, are good examples of how sound investments will accrue benefits for our future.

Mandate
In regard to the mandating process, we are seeking from our iwi of Ngati Porou their views about direct negotiations with the Crown as a possible way of settling our Treaty claims. A mandate is necessary before we can proceed with direct negotiations. This is not, as has been suggested by some, a done deal. If it were so we would not be seeking a mandate from Ngati Porou.
Celebration
Te Runanga o Ngati Porou celebrated its 20th birthday this year although it existed as an Interim Trust Board in 1985. This celebration was held at Te Poho-o-Rawiri Marae and was enjoyed by a large number of Ngati Porou people and our many guests.

Wai 262 Hearing in Wellington
This year we presented a summary of the runanga’s claims that originated in 1991. A group of Ngati Porou pakeke attended and spoke at the hearing.

Following the death of our WAI262 lawyer Gina Rudland, a Ngati Porou minister attended the Tribunal Hearing where we and the Tribunal paid our respects and aroha for Gina and the work she undertook on our behalf. The key at these hearings was the protection of iwi, intellectual property rights and our iwi reo and tikanga in this area.

Contributions
The runanga has continued to support a vast range of events and activities within the tribe. All marae from Te Toka a Taiau to Potikirua over the past few years have been recipients of cash payments to assist in their marae programmes. Many have thanked the runanga for this assistance over the years as it has assisted them in the upgrading of their marae.

Other contributions have been in terms of the Ngata Memorial Lecture Series, the Pa Wars (which has seen thousands of our people in attendance), cultural events in Ngati Porou, individual sponsorships and funding to build a Ngati Porou education fund for Ngati Porou whanau. The runanga will continue with these activities in the future.

Acknowledgements
I wish to acknowledge past and present runanga trustees and staff for their contribution over the past 12 months to achievements made by the runanga.

I acknowledge also the support of Ngati Porou whanuitanga for the runanga. Much support has also been provided by many of our professional people and long may this continue.

Conclusion
The annual report provides greater detail of our activities for the past year and our hopes for the future.

Heoi noho ora mai i raro i Te Maru o Ihowa.
Compliments to all in terms of the forthcoming festivities and 2008.

Kia ora

A T Mahuika
BOARD OF TRUSTEES’ REPORT

INTRODUCTION

The board welcomes this opportunity to report on key priorities and achievements for the past year while highlighting milestones from the past 10.

On 1 September 2007, the runanga celebrated its 20th anniversary with the inaugural Ngati Porou Achievement Awards. The board acknowledges that our future success depends on our ability to harness the efforts, passion and successes occurring in all spheres of Ngati Porou life. The ability and responsibility for realising our full potential rests in all our hands, not just the hands of a few.

Kia ata wananga, kia mataara, kia ngatahi ai te hoe a to tatou waka.

KEY PRIORITIES

During the past year the board focused on:

• enhanced governance and improved efficiencies across all entities that form the runanga group
• progressing negotiations with the Crown in relation to the Ngati Porou Takutaimoana, WAI 262 and treaty claims
• representing Ngati Porou interests on climate change and the Waka Umanga (Iwi Governance proposal mooted by the Law Commission).

Enhanced Governance and improved ‘group’ efficiencies

Evolving roles and responsibilities

The board engaged Ngati Porou commercial governance advisers to identify options for improving and strengthening runanga governance over subsidiaries and related entities. As a result, the board undertook training to improve understanding of its various roles and responsibilities as a body corporate, trustee and shareholder.

A set of criteria were then developed to identify the most appropriate governance entities and future structure. These include:

1. clear purpose and outcomes statements for all entities and the group
2. defined and agreed relationship and accountability protocols between and among entities and the runanga
3. tikanga-approach to structure design and people practices and behaviours
4. 25-year view to strategic planning, commitment to succession planning and implementation
5. agreed accountability and engagement processes with stakeholders
6. responsible, effective and accountable leadership.
The runanga seeks to develop and adapt models of governance and leadership that build on traditional leadership practices, accommodate the ‘best’ corporate governance requirements of today and are future-proofed to ensure they address future priorities and needs of our people.

**Efficiency gains for the ‘group’**

While we appreciate that some of our subsidiaries and entities are still in their formative stages, we are already seeing a lapse into individual “silo approaches” to Ngati Porou economic development which needs to be remedied. We believe it is essential to bed down a collective vision, commitment and ethos to Ngati Porou economic wellbeing and prosperity. All our commercial entities should be working to a shared business growth and asset management manifesto, enacting group operational and cost efficiencies, achieving greater leverage and strategic positioning through the aggregation of our assets and returning optimal and sustainable profits to Ngati Porou.

This year we brought together some of our business advisers and leaders to identify ‘low hanging fruit’ that will provide tangible commercial returns and stimulate greater business confidence and growth.

Efficiency options that have been considered are the establishment of a centralised accountancy service and ‘treasury’ function across the runanga group and the establishment of Te Runanga O Ngati Porou Holdings Company by 30 June 2008.

**Negotiations with the Crown**

*Foreshore and Seabed*

The runanga secured the mandate from a significant majority of Ngati Porou hapu to continue negotiating an agreed foreshore and seabed settlement with the Crown. Hapu that did not support our mandate will be specifically excluded and their claims will not be affected by our negotiations. The approach taken and the outcomes sought remain unchanged. They are:

- the “ownership interest” Ngati Porou hapu assert has been ongoing and enduring is ‘unbroken’ by the Foreshore and Seabed Act 2004 and exercised by hapu as a collective right
- exclusive areas designated by hapu
- right of hapu to exclude
- appropriate standing of hapu in processes that can affect the use and occupation of the Takutai-moana (eg RMA).

Progress has been made in recognising hapu “ownership interest” and developing recognition mechanisms such as statutory designations, environmental covenants and permission rights. Matters of exclusivity and exclusion have proven problematic and a major sticking point in the negotiations.

Complementary work to support negotiations involved gathering hapu evidence on the takutai-moana and developing hapu and marae governance arrangements that meet hapu tikanga and Crown requirements.

We had hoped a draft deed of settlement would have been available for hapu ratification by late 2007-early 2008. However, negotiations have reached a point where we now need to reassess the genuine intent of the Crown in reaching a viable and acceptable agreement with Ngati Porou.
In June 2007, Ngati Porou presented closing submissions on WAI 262 to the Waitangi Tribunal. The claim was originally filed in 1991 by six iwi claimants including the late Ngati Porou film-maker Tama Poata. The claimants asserted the Crown had failed to fulfil their obligations under Article 2 of the Treaty, to protect our taonga and/or recognise and affirm the rangatiratanga of iwi to care for and protect their taonga.

Our closing submission contended that Matauranga a iwi was a taonga for the purposes of Article 2 of the Treaty and inadequate recognition and support had been provided to iwi to care for and protect their taonga.

At the end of the tribunal sitting it is our opinion that Matauranga a iwi was accepted as a taonga for the purposes of Article 2 of the Treaty and that a level of protection should be provided in accordance with the nature of the taonga. What is unclear is how the tribunal might deal with third party interests, given the complexity of the legal issues raised and international considerations.

We expect the tribunal will take up to two years to complete its report and make recommendations to the Crown. We have already suffered the consequences of protracted timelines that have been a hallmark of Wai 262, that is the loss of key witnesses and lead Ngati Porou Counsel, the late Gina Rudland. In recent discussions on climate change and bio-prospecting, iwi have urged the Crown to take heed of the assertions and evidence provided in Wai 262 hearings and to wait for the tribunal report and recommendations before locking down any policies and legislation.

To all the people who gave evidence, the host marae and our legal advisers, particularly the late Gina Rudland, Ngati Porou salutes you for your vigilance in promoting and protecting “to tatou rangatiratanga, to tatou mana motuhake”.

Ngati Porou Treaty Claims

The runanga has agreed to seek the mandate of Ngati Porou to enter direct negotiations with the Crown to settle Ngati Porou treaty claims. We believe a pragmatic approach is needed. New claims, seemingly filed every day, give rise to escalating legal costs and an unhealthy preoccupation with grievance which stifles growth and innovation, and feeds division among Ngati Porou. We recognise that the settlement package received will not grow any larger. If anything it will lose value through lost opportunity and investment.

We recognise the ambitious work programme set to seek mandate, establish a treaty negotiating team inclusive of hapu-nominated representatives and prepare a deed of settlement before June 2008. While the programme and timelines are not ideal, this is a window of opportunity we would be remiss in not pursuing.

Waiapu and Matakaoa pakeke enjoy celebrations at Hiruharama, August 2007.

Selwyn Parata and Mere Karaka Ngarimu performing in the Nga Tama Toa, Hiruharama, August 2007.
REPRESENTING NGATI POROU INTERESTS

This year the runanga concentrated on two national policy areas of climate change/carbon-trading and Waka Umanga. With climate change one of the most significant global threats we face, we need to be well informed and positioned to influence policies and mitigate any potential risks to us as tangata whenua, land owners with significant interests in farming, forestry and fishing and kaitiaki of our natural environs.

Work has begun on developing economic models that will recognise the unique position of iwi, who fall within a number of key stakeholder groups, as drivers of a re-emerging, strengthened Maori economy. We believe most of our iwi members particularly farmers and foresters will be able to achieve a carbon neutral ‘score-card’ or carbon credits through aggregating all their assets into a consolidated portfolio for the purposes of determining their carbon footprint. This approach to carbon emissions trading could be applied within and among iwi.

The Waka Umanga proposal may not be the best vehicle for achieving the sound principles within it. We question the intentions, though well meaning, of the Law Commission in promoting this overtly ‘third party friendly, third party led’ legislation. Any constitutional relationship Ngati Porou seeks to have with the Crown will be a direct result of informed agreement, recognition of the Crown’s kawanatanga and our rangatiratanga, and not imposed through legislation. It is our view that the disadvantages apparent in the Waka Umanga proposal far outweigh any advantages. We and a number of other iwi will vigorously resist its imposition.

Before reflecting on the board’s performance for the year, we acknowledge the efforts of our chief executive, her management team and staff in achieving the positive financial result for the year, noting the significant reductions in operational costs and ability to tap new income streams. We pay tribute to Ngati Porou Seafoods Group for their solid performance and to Pakihiroa Farms Ltd for significantly reducing its debt portfolio.
BOARD PERFORMANCE FOR 2006-07

Various measures can be used to review the board’s performance. We offer the following:

1. financial performance
   a. 2006-2007
   b. 1997-2007
2. attendance at board meetings and hui a iwi; involvement in sub-committees
3. achievements for past 10 years, highlighting 2006-07 achievements.

Financial performance for the period 1 July 1997 to 30 June 2007

<table>
<thead>
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<th>Year</th>
<th>Consolidated Profit</th>
<th>Expenses</th>
<th>Revenue</th>
<th>Assets</th>
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<td>2.244</td>
<td>4.209</td>
<td>2.296</td>
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<td>1998-99</td>
<td>6.208</td>
<td>2.152</td>
<td>5.207</td>
<td>2.049</td>
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<td>1999-2000</td>
<td>5.678</td>
<td>2.685</td>
<td>4.840</td>
<td>1.859</td>
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<td>2002-2003</td>
<td>2.376</td>
<td>5.387</td>
<td>3.458</td>
<td>2.983</td>
</tr>
<tr>
<td>2003-2004</td>
<td>1.586</td>
<td>1.607</td>
<td>1.464</td>
<td>2.007</td>
</tr>
</tbody>
</table>

Average attendance:
- Board/Special Meetings: 14/20 trustees (70%)
- Hui-a-Rohe/Hui-a-Iwi: 5/20 trustees (25%)

Sub-Committees

CEO Appointment and Appraisal Panel
- Four meetings held
  - Chair: Api Mahuika
  - Committee members: A. Papuni-Ilse, B. Burdett, R. Tuhiwai-Ruru, B. Irwin
  - Ex-Officio member: HR Consultant – A. Bendall

Audit, Risk and Finance Committee
- Six meetings held
  - Chair: April Papuni-Ilse
  - Committee members: A. Mahuika, S. Parata, B. Irwin, B. Burdett and N. Raihania
### HIGHLIGHTS AND ACHIEVEMENTS 1997-2007

#### 1997
- "Mana Motuhake Ngati Porou — Future Directions" released as discussion paper for reviewing the performance of runanga (1987-1997) and informing strategic direction and priorities for the next decade.
- Ngati Porou Parents as First Teachers (PAFT) programme established.
- Runanga completes 48 consultation hui nationwide on "future directions" and releases summary of findings.
- Establishes Nati Link as bimonthly Ngati Porou newsletter.
- Represents Ngati Porou position—Mana Moana—Mana Whenua in national fisheries forums.
- Whaia te iti Kahurangi — first iwi education partnership formed with the Ministry of Education to ‘strengthen education in Ngati Porou East Coast communities’.
- Approved as Level 1A Iwi Social Service Provider under the CYP&F Act.
- Founding member of the KIWA Education Partnership with TROTAK, Gisborne Education Forum, GDC and MoE.
- Ngati Porou Victim Support established.
- Ngati Porou first iwi sponsors of He Oranga Poutama programme.
- Social Workers In Schools (SWIS) project launched.
- Produces and releases “Tangaroa me tana Iwi a Ngati Porou” — Ngati Porou Customary Fisheries Practices video resource.
- Legal title to Hikurangi Maunga vested in the runanga on behalf of Ngati Porou.
- ‘Te Aio o Nukutaimeheta’ relocated to Te Hatepe, Rangitukia.
- Ngati Porou Matariki celebration “Te Aranga o Matariki” launched at Otiki.
- Principal sponsor of East Coast rugby team which adopts the name “Ngati Porou East Coast” and goes on to win 3rd division.
- Distributes $270,000 worth of millennium funding to 30 Ngati Porou marae for millennium activities.
- Commissions Derek Lardelli and Toihoukura to create and construct Maui Whakairo.
- Integrates Housing, Education, Health and Social Services.
- Continues investment in hapu social services and building hapu capacity and capability.
- Publishes Ngati Porou Marae Calendar.
- First runanga triennial election conducted by postal ballot.

#### 1998
- Ngati Porou Millennium event with dawn ceremony featuring Maui Whakairo on Hikurangi Maunga.
- TRONP Tourism wins the TRENZ Expo 2000 Hospitality Award.
- Tuhono Whanau – Ngati Porou Family Start Programme launched.
- Signs first Memorandum of Understanding with NZ Council of Victim Support.
- Provides resources for hapu to complete their own Hapu Social Services strategic plans.
- Establishes Ngati Porou commercial fisheries working party to develop fisheries strategic plan.
- Ngati Porou Inter-marae Sports Festival established as key event in Ngati Porou annual events calendar.
- Te Kura Takai Puni (Ngati Porou Treaty Claims Committee) established to coordinate and facilitate 19 claims (inclusive of WAI 272).
- Joins Taikawhititai Development Taskforce comprising Gisborne and Wairoa district councils, Kahungunu ki te Wairoa and TROTAK.

#### 1999
- Establishes Tourism Ngati Porou as recognised Maori Regional Tourism Organisation (MRT0).
- Partners with Ngai Tahu to establish Iwi Fisheries Forum.
- Launches Pinehill project — relocatable housing initiative.
- Holds inaugural Pakeke Day celebration 1 September.
2003

- Establishes Ngati Porou Education Trust Fund with maturity date of 2013.
- Establishes Ngati Porou Fisheries Ltd company and appoints interim board of directors.
- Completes five-year education development plan for phase 2 of Whaia Te Iki Kahurangi.
- Celebrates 20th anniversary of Ta Apirana Ngata Lectures, Apirana Ngata — the man, the statesman and iwi leader.
- Files applications with Maori Land Court to determine legal status of coastal lands from Potikirua to Te Toka a Taiaru.
- Government’s foreshore and seabed proposal presented to Tairawhiti iwi at Whangara.
- Pakihiroa Farm Management Committee, on behalf of runanga, establishes Ngati Porou Land Development Forum.
- Produces enterprise, environmental management and social development strategies as part of Local Levels Solution project.
- $408,556 in grants paid to Ngati Porou whanau, hapu and marae.
- Independent review of Mana loans confirms $3m business support loans generated from $900k runanga-administered loan fund.

2004

- Establishes Ngati Porou Marae/Hapu Fisheries Trust working party.
- NZCER evaluation report on Whaia te iti Kahurangi released by Hon Parekura Horomia.
- Hosts inaugural Te Rangitawawa Festival and Nati Awards.
- Rebrands Whaia Te Iki Kahurangi as E Tipu E Rea.
- Initiates Ngati Porou Achievement Funding programme.
- Te Tai Whakarunga and Te Tai Whakararo — documentaries on Ngati Porou Takutaimoana produced and broadcast.
- Signs Terms of Negotiation with Te Whanaau a Apanui to secure foreshore and seabed agreement with the Crown.
- Opens Ngati Porou Tourism Centre in Ruatoria.
- Collaborates with six Ngati Porou organisations to form Ngati Porou CEOs Forum.
- Produces scoping report on TRONP IT and beneficiary database needs.
- Invests in development of web-based beneficiary database.

2005

- Ngati Porou Fisheries specialist working party established.
- Begins development of www.(whakapakari, whakaoho whanau) training programme
- Ngati Porou Local Level Solutions strategies presented to Minister of Maori Affairs.
- Begins Whanau Development Action Research Project.
- Ta Apirana Ngata Memorial lectures commemorating 100th Anniversary of Ta Apirana Ngata’s entry to Parliament.
- Inaugural Ngati Porou Taupatupatu launched at Hiruharama.
- Runanga electoral roll boosted by 8000 new enrolments through merging Tuhono Trust data.
- Triennial runanga elections.
- Mandate secured from majority of Ngati Porou hapu to support direction of foreshore and seabed negotiations and runanga facilitation role.

2006

- Mandate secured for runanga to establish Porou Ariki Trust as Mandated Iwi Organisation for receipt of fish settlement assets.
- Advisory trustees appointed to Porou Ariki Trust representing seven marae hapu clusters.
- Relocates runanga Corporate Services to Gisborne.
- Phase II Whanau Development Action Research commences.
- Signs two-year Restorative Justice contract with Ministry of Justice.
- Pakihiroa Farms Ltd established.
- Adopts Ngati Porou Potential Framework.
- Final Ngati Porou WAI 262 hearings held in Ngati Porou.
- Becomes one of six iwi Co Production providers.

2007

- Radio Ngati Porou and runanga co-host National Maori Media Awards in Gisborne.
- Begins integration of runanga Whanaau Hapu Development Services.
- Computers in Homes funding secured for roll out of Computers in Homes project on East Coast.
- Transfers beneficial interest in Ngati Porou Fisheries Ltd to Porou Ariki Trust.
- Holds inaugural Ngati Porou Achievement Awards to commemorate 20th anniversary of runanga.
- Ngati Porou Annual Calendar of Events:
  - Hikurangi Dawn Ceremony
  - Inter-marae Sports Festival
  - Te Aranga a Matariki
  - Ta Apirana Ngata Memorial Lectures
  - Ngati Porou Hui Taurima.
OUTCOME STATEMENTS

CULTURAL RELEVANCE & REVITALISATION
- Retain, enhance practice and promote our ancestral heritage as Ngati Porou

RESTORATION OF MATAURANGA NGATI POROU
- Develop a Ngati Porou Social Development agenda founded on Ngati Porou tikanga and responsive to Ngati Porou needs & priorities

NGATI POROU SELF-DETERMINATION
- Actively encourage Ngati Porou in the development of their Whanau, Hapu, Marae, Taura Here & Runanga

SOCIAL RESPONSIVENESS & WELLBEING
- Achieve Ngati Porou Self-Governance and self reliance

ECONOMIC GROWTH & PROSPERITY
- Support Ngati Porou whanau and hapu achieve an optimum return on their assets & resources

ENVIRONMENTAL SUSTAINABILITY
- Support Ngati Porou through sustaining an optimum return on Ngati Porou assets managed by the runanga

KEY GOALS
- Ensure the return, retention and protection of Ngati Porou taonga (whenua/takutai)

2007-08 PRIORITIES

2007-08 STRATEGIES

- Continue negotiations for the return and/or retention of Ngati Porou taonga

- Support and sponsor NP calendar of events – Ta Apirana Ngata Lectures, Hui Taurima, Inter Marae Sports, Pakeke Day

- Regular updates via RNP, Nga Kohinga & Hui (a Iwi; a Hapu; Taura Here)

- Website Development including Monthly Panui, minimum of five new marae develop web pages

- Complete Ngati Porou Business Incubator feasibility

- Economic think-tank implements lead projects

- Ensure Ngati Porou economic development utilising natural resources via the 5 f’s (fun, farming, forestry, fishing and f(wh)anua, f(wh)enua)

- Develop TRONP’s commercial viability to achieve financial stability

- Support Ngati Porou aspirations of Ngati Porou individuals, whanau and hapu/marae in self-determination and sustainable economic development

- Review TRONP Strategic Plan and confirm with Ngati Porou

- Supporting aspirations of Ngati Porou individuals, whanau and hapu/marae in self-determination and sustainable economic development

- Connect-a-Nati project maintained

- Knowledge Management system

- Integrate non-financial and financial reports

- Sponsoring NP calendar of events

- ETER – NP Reo Strategy

- Matauranga NP

- Ngati Porou Tribal Curriculum

- Ngati Porou Strategic Plan

- Integrate (at home and abroad)

- Support NP Hapu/Marae Development

- Review TRONP Strategic Plan and confirm with Ngati Porou

- Sponsoring NP calendar of events

- ETER – NP Reo Strategy

- Matauranga NP

- Ngati Porou Tribal Curriculum

- Support and sponsor NP calendar of events – Ta Apirana Ngata Lectures, Hui Taurima, Inter Marae Sports, Pakeke Day

- Regular updates via RNP, Nga Kohinga & Hui (a Iwi; a Hapu; Taura Here)

- Website Development including Monthly Panui, minimum of five new marae develop web pages

- Cultural audits undertaken using Ma Wai Ra tool

- HapuSuccess Framework rolled out

- Establish TRONP Holdings Co

- Establish accountancy and treasury functions

- Tairawhit i Development Partnership – Navigation Tradition

- Implement NP Landowners R&D Strategy

- Complete Ngati Porou Business Incubator feasibility

- Economic think-tank implements lead projects

- Secure NP coastline quota

- Complete ESCB negotiations

- Secure mandate to enter into direct negotiations with the Crown for Treaty settlement
TE RIPOTA A TE KAIHAUTU
CHIEF EXECUTIVE’S REPORT

Kia ora tatou Ngati Porou

Noho ana au i roto i te atawhai o toku pa tuwatawata o Pa Tangata, E rongo nei i te ripo o te wai whakaora o oku tipuna o Wharekahika, E ahuru nei i te mauri tapu o lwahakahikorora e tauawhi nei i au
Ka anga ake aku kamo ki Hikurangi te maunga e tauria ana e te huka, Te toka whakairangi, te toka ahuru mana nei ai i whakahaupi, i whakamaataora, i manaaki i roto i nga kaupapa maha o ana uri,

Maringi noa nga roimata e hika ma i te hinganga o ratou ma
Kua ngaro i te tirohanga kanohi, heoi ano ka mau tonu i roto i nga whakaanaro.
Te pukahu o nga kaupapa a te tau kua mahue ake nei,
Heoi ano me atu karawarawa mai i roto i nga tau rua te kau o te taonga a te iwi e ahu an i nga kaupapa hei oranga mona, mo ana uri tae atu hoki ki ano karangatanga maha e noho nei i ana parirau.
Na reira anei nga kaupapa korero hei mau nga ringa ma nga uri whakatipu.

INTRODUCTION

The year’s efforts have been rewarded with sound performances across all areas and notable improvements in our overall financial position. An excellent example of the gains achieved is the May 2007 purchase of $3.3m (plus GST) of fish quota. Porou Ariki Trust contributed $1.1m with the balance of $2.2m being funded by the collective cash reserves of NPFL and NPSL. This acquisition has added significant value to Ngati Porou’s asset base and provided the platform for Real Fresh, the retail and wholesale arm of the Ngati Porou Seafoods Group.

While the runanga’s income ratio of 40:60 commercial:contract was an exception, it was a move in the right direction. Our heavy reliance in recent years on contract income was a necessary evil, enabling us to:

• begin reversing the trend of minimal Crown investment in our people, which had been the case for the previous five decades
• return the bulk of profits generated from commercial activities into the business.

One of the perennial challenges facing the runanga is our ability to meet governance, management and operational requirements, while responding to the demand for increased investment in Ngati Porou. This operational reality requires constant assessment of resource applications and cost to benefit analysis, which will be absolutely critical when the volume and flow of commercial and treaty settlement income stream rises.

Management are working on strategies to broaden our investment portfolio, set more aggressive profit and Return on Investments (ROI) targets for subsidiaries, and protect and grow our assets. The runanga acts as a facilitator and advocate, scoping and investing in new and expanding businesses. We exit the business once they become self-managing and self-sustaining. This approach, while commendable and pragmatic in terms of sharing responsibility and harnessing expertise, has resulted in income losses and the diminution of runanga assets. To reduce the incremental losses to the runanga, we will set ROIs and negotiate equity shares in all businesses that we invest in.

This year we achieved a major boost from fisheries, with a $1.35m one-off payment from Ngati Porou Fisheries Ltd, in recognition of the runanga’s $550k advance in 2003 and 14 years of political lobbying to secure Ngati Porou fisheries assets.

While the runanga will commit to ‘sharpening its pencil’, we recognise that some benefits will go to Ngati Porou groups with an indirect benefit to the runanga.
To this end the runanga has made a number of commitments over the years including:

- $150,000 investment to raise the productivity and profitability of Ngati Porou lands through the Major Regional Initiative overseen by the Tairawhiti Land Development Trust
- bankrolling the Ngati Porou Foreshore and Seabed negotiations, some costs are recoverable from the Ministry of Justice
- annual grants to Ngati Porou Marae
- Ngati Porou Education trust fund – which will mature in 2013
- Principal sponsor of the Ngati Porou Calendar of Events.

All these investments are relevant and valid but to continue this practice, the runanga has to have a stable financial platform of its own and facilitate co-investment opportunities with other Ngati Porou, private and public sector entities.

In the past year we sought to engage with relevant partners to achieve co-investment in Ngati Porou development. For the first time the runanga partnered with Porou Ariki Trust to support the payment of grants to 48 Ngati Porou marae. We also took part in the Te Puni Kokiri pilot, Co-production, which forms part of their investigation into meaningful ways to give effect to their Maori Potential framework. This gave us the opportunity to complete an environmental scan which will inform future resource applications, improve our understanding of government workings and improve TPK’s understanding of the circumstances and conditions in which iwi operate. The net result is a three-year $1.5m agreement with Te Puni Kokiri to:

- establish a knowledge management system for the runanga
- design a Ngati Porou Hapu Success Model and support hapu to conduct their own success analysis
- develop and implement the Ngati Porou tribal curriculum
- establish a Ngati Porou Business Incubator
- support hapu and marae to develop a tikanga framework to inform the design and selection of appropriate Ngati Porou hapu governance models and instruments.

**Corporate Services**

The past year has been challenging for corporate services with changes in key personnel, the recruitment of a new finance team and the introduction of new financial management solutions. Efficiency gains are seen in the $458k saving in operational and staffing costs, and improved contract management surveillance and financial analysis.

Runanga operations have been realigned to reflect the board’s adoption of the Maori Potential Framework, branded internally as the Ngati Porou Potential Framework. As of 1 July 2007 runanga divisions were renamed:

- Rawa – Economic Development
- Matauranga – Policy, planning and knowledge acquisition, education and training
- Whanau Oranga – Whanau and Hapu Development

**Economic Development**

Tourism is a prime example of the runanga’s business incubation function. We are pleased with the improvements made to Hikurangi Guided Tours and the increased visitor numbers to the Ngati Porou Tourism Centre.

**Matauranga**

This is a rapidly expanding part of our business with the extension of our formal education brief to include Raparapaririki (Early Childhood Education) and Te Urunga ki Ngati Porou (Tertiary Education). The Matauranga kaiwhakahaere will provide management oversight for Co-Production and the work programme to restore Te Whare Wananga o Ngati Porou as a lead tertiary education provider.
The team has taken responsibility for four communication initiatives:
1. runanga beneficiary register maintenance and enrolments
2. E-Nati – Ngati Porou marae website design, establishment and training
3. Connect-a-Nati – helping Natis connect to their whanau, hapu and marae
4. Computers in Homes - Information Technology project enabling whanau to support their children's learning and in so doing improve their own skills.

Whanau and Hapu Development

We continue to identify and grow complementary services that respond to the changing social needs of our whanau. This year the runanga secured the Restorative Justice contract, appointed a full-time budget counsellor for the Coast and supported a number of staff towards social worker registration. Details of these activities are provided in the appropriate sections of the report.

The Ngati Porou Hapu Success Framework – a major hapu development project contributing to the Ngati Porou Potential framework – will be launched in late 2007. A planning tool will enable hapu to define their own states of cultural, well-being, economic and leadership success; measure and map their success pathways; and analyse current preparedness and future achievement targets. An invitation will be extended to all hapu to participate, and memorandum of understanding entered into with those who take part. The project will be developed over two to three years and will help inform and guide the roles of the runanga and hapu in Ngati Porou development. Hapu success is critical to the success of our iwi. However, tensions arise when the distinction between hapu and iwi governance is not understood or exercised. Ngati Porou hapu are the constituent entities of the iwi, whose elected representatives comprise the board of Te Runanga o Ngati Porou. As such they collectively provide the governance of the iwi.

Ngati Porou Hapu Success Framework

<table>
<thead>
<tr>
<th>TE IRA TANGATA</th>
<th>RAWA</th>
<th>The resources to realise potential</th>
<th>MATAURANGA</th>
<th>The knowledge to realise potential</th>
<th>WHAKAMANAN</th>
<th>The authoritative capacity to realise potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome State: Te Whanau a, Te Aitanga a... are making choices about the lives they live, and being accountable for those choices.</td>
<td>Outcome State: Te Whanau a/Te Aitanga a... are resourced, wealthy and enterprising.</td>
<td>Outcome State: Te Whanau a/Te Aitanga a... are skilled, learned and innovative.</td>
<td>Outcome State: Te Whanau a/Te Aitanga a... are leading, influential and empowering.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PUAWAITANGA - realisation</td>
<td>Whanau a /Te Aitanga a... are experiencing optimal and sustainable success across these outcome states.</td>
<td>Whanau a/Te Aitanga a... collectives are realising their potential and the potential of their members; are nurturing new potential; and are flourishing as world citizens.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MANAAKITANGA - development</td>
<td>Whanau a/Te Aitanga a... are shaping, developing and influencing opportunities to realise their potential and are leveraging off their realised potential for the benefit of themselves and others.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIPURANGA –activation</td>
<td>Whanau a /Te Aitanga a... are taking positive, constructive action to participate in opportunities to activate and develop their positive potential.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Pakeke enjoy the festivities at Whangara, August 2007.
Report against key performance targets for 2006-2007

<table>
<thead>
<tr>
<th>Key performance targets</th>
<th>Status</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Achieve profit target.</td>
<td>Achieved</td>
<td>Maintain or improve.</td>
</tr>
<tr>
<td>2. Rationalise operational costs by 10-15%.</td>
<td>Achieved</td>
<td>Sustain operational efficiencies and identify new cost saving areas.</td>
</tr>
<tr>
<td>3. Secure and grow new businesses and increase revenue streams by 5-10%.</td>
<td>Achieved</td>
<td>Continue supporting Ngati Porou Business Think Tank and establish TRONP Holdings Company.</td>
</tr>
<tr>
<td>4. Transform runanga economic activities – in-house focus on ‘business incubation’; external focus on supporting subsidiaries to achieve business growth, profit and return on investments targets.</td>
<td>Ongoing</td>
<td>Formalise shareholder and investment expectations with subsidiaries, delegate commercial governance oversight to TRONP Holdings Company.</td>
</tr>
<tr>
<td>5. Establish and maintain communication tools that effect two-way information flows to and from our expanding iwi base.</td>
<td>Ongoing</td>
<td>20% of Ngati Porou marae establish web-pages linked to TRONP website, to increase whanau engagement and participation.</td>
</tr>
<tr>
<td>6. Fulfil ‘mandating’ procedures and reporting requirements.</td>
<td>Ongoing</td>
<td>Provide support to Ngati Porou FSSB and Treaty claims negotiators.</td>
</tr>
<tr>
<td>7. Support marae and hapu to realise their own potential without compromising financial viability of organisation or impinging on the ability of marae and hapu to be self-determining.</td>
<td>Ongoing</td>
<td>Engage with hapu to implement Ngati Porou Hapu Success Framework and relevant hapu governance models.</td>
</tr>
</tbody>
</table>

PRIORITIES FOR 2007/08

1. Establish TRONP Holdings Company.
2. Establish TRONP accountancy services and treasury functions.
3. Complete Co-Production Stage 1 successfully.
4. Build on organisational efficiency gains.
5. Integrate Whanau Oranga services.
7. Secure mandate for Foreshore & Seabed Settlement agreement and Direct Negotiations for Treaty settlement.

There is no doubt that the ability of the runanga to attend to all the matters that confront it is a consequence of the support and dedication of its staff. We are also fortunate that we are able to engage the services of a number of willing, accomplished Ngati Porou advisers and commentators, all keen to make their contribution to our iwi cause.

I certainly appreciated the additional efforts made by staff to successfully implement the events organised throughout the year to mark our 20th anniversary. The results we collectively achieved for the past year are ones we can all take pride in.

Let that be a benchmark for future performance and the inspiration to always strive for the best.

“whaia te iti kahurangi, ki te tuohu koe, me he maunga teitei”

Noho ora mai

Amohaere Houkamau
Kaihautu

2007 Ngati Porou Intermarae Sports Festival.
NGA URI O NGA HAPU O NGATI POROU

BOARD OF TRUSTEES

CHIEF EXECUTIVE OFFICER

Subsidiary: Pakihiroa Farms Ltd

Porou Ariki Trust (TRONP as Responsible Trustee)

Subsidiaries:
- Ngati Porou Seafoods Group
- Ngati Porou Fisheries Ltd
- Ngati Porou Seafoods Ltd
- Real Seafoods Ltd (retail division, incorporated 1/8/07)

Governance

Management

Organisational Structure

Corporate Services
- Administration Support
- Asset Management
- Finance Management
- Human Resources
- Hapu Communications
- Information Services
- Trustee Services
- Internal Audit

Economic Development
- Investments
- Business Development
- Land Development
- R&D Strategy
- Tourism

Whanau/hapu Development
- Iwi Social Services
- Counselling
- Budget Service
- Whanau Support
- Te Whae Atawhai & Truancy
- Hapu Development
- Community Nutrition
- Community Injury Prevention
- Safer Communities
- Strengthening Families
- Housing
- Whanau Development
- Tuhono Whanau and PAFT

Matauranga
- Co-Production
- Education
- E Tipu E Rea
- TWWONP
- Raparapaririki
- Research & Development
- Alternative energy
WHANAU HAPU DEVELOPMENT

Karanga mai

Karanga mai manaaki ra
i nga tai aroha e whati nei
me whakautu mai to powhiri
tu atu nei ahau, a Putaanga e
i to marae, e hoa a ma
ahakoa iti noa te awhina
ma te aroha ra e whakanui
no reira e hoa ma kia ora ra

Karanga ra nga iwi e
ki te Tairawhiti, Porourangi
he iwi moke noa e haere nei
ki te hapai, kia nui te taonga ra
he mea tuku mai, Maoritanga
ahakoa iti noa te awhina
ma te aroha ra ka ea nei
no reira e hoa ma kia ora ra

Amohia, hapaihinga e te Rangatahi
kia kaha ra
kei a koe te kakau o te hoe
hoea ki mamao kei wehi noa,
ahakoa whati mai nga tai nunui
kei tua te maria, hoea ra
ma te aroha ra e kawe mai
no reira e hoa ma, kia ora ra

Na Henare Waitoa
OVERVIEW

The Whanau and Hapu Development Unit offers a range of initiatives and services designed to respond to the immediate and specific social needs of individuals and their whanau. The unit comprises three managers and 23 staff delivering housing, budgeting, community injury prevention, family start, parents as first teachers, social workers in schools, nutrition, counselling, strengthening families, restorative justice and whanau support services. The development of two teams – Whanau Services and Hapu Services – has enhanced the delivery and accessibility of services.

All staff have the opportunity to develop their skills through external and internal professional development, and are encouraged to attend local, regional and national training relative to their work. Six staff are working towards a Diploma in Social Work.

The unit continues to strengthen the ability of hapu to deliver services that meet whanau needs. Ongoing financial and professional support is provided to the Hapu Social Services Group which coordinates and delivers programmes at marae and hapu level. Committee representatives took responsibility for providing information, advice and community education about family violence. Hapu Social Services rose to the challenge of this new direction to deliver this service in a way that is unique to their respective hapu. This was a positive move as hapu have now developed concepts and built strategies to address local issues at a local level.

Some highlights of the year are outlined in the following reports.

WHANAU SUPPORT

When it comes to supporting families, there’s not much Whanau Support doesn’t do for families in crisis living in Gisborne’s Kaiti area.

Whether it’s helping families find affordable homes, supporting them through courts, acting as advocates at WINZ or Child, Youth and Family, getting children back in the care of families, getting them back to work or helping with their parenting and budgeting skills, the Whanau Support team is there to help.

Riria Fox and counsellor Hurihia Reedy work closely together when they are supporting the same whanau with emotional and social issues. Riria’s main function is to support and work alongside whanau in crisis situations.

“This often involves immediate action to deal with crises,” says Riria, “such as power disconnections, no kai, evictions, pending court appearances, no accommodation, care and protection issues.”

Most whanau who ask for help have either been referred by others who have accessed the service, or have been referred by government agencies, doctors, lawyers and schools. If Riria is unable to provide the necessary support, she refers them to Tuhono Whanau or other agencies with the skill base required.

“Most whanau feel marginalised and disempowered when dealing with government agencies. Much of the work we do is helping people understand processes, policies, acts, entitlements, rights and their obligations. Research is a big part of this process because of the importance of giving correct information to whanau in language they can understand.”

Riria is familiar with the many gaps and barriers whanau face after nearly seven years in the position.

The 2006-07 year saw many positive outcomes.

“Success is seeing whanau enter the service in a mauri moe state and exiting the service in a mauri ora state with their mana intact.”
TUHONO WHANAU FAMILY START

Working with babies involves working with whole families for their health, education and social needs, says Family Start kaiawhina Shona Samuels.

Shona works with at-risk women and children, from the time a woman is three months pregnant until the child reaches three to five years. Referrals come from midwives and the women themselves. Most prefer to meet within their homes or in neutral territory like a park.

Cases are often complex and involve referrals to other agencies like Plunket, Tamariki Ora, doctors, Housing NZ and links to counsellors and budget advisers.

“Our main job is early childhood education, helping parents understand the developmental stages of babies. We are privileged to work with our whanau. The programme we deliver is helping us understand their strengths. You listen and hear what they are saying and put them in touch with what is available for them like Working for Families."

“Many families we work with are on benefits. We help them understand their entitlements but also aim to get them off the benefit. We are there to inform and help those who help themselves.”

She says some of the mums they work with have a heightened awareness of their own experience as children and do not want to see their children endure the same violence and abusive language they did. Building rapport is an important part of the process.

The focus is on the needs of the child but the approach is holistic with the whole family involved. This is shown in the case of a baby, emotionally challenged because of her alcoholic mother.

Shona was the third kaiawhina to help the family.

“We work on the whanau’s strength and abilities. The mother had many strengths including being a good homemaker and gardener.”

In the early stages the mother was open but the father stand-offish until trust developed and he began explaining his side of the experience.

“The baby was missing out on an emotional connection because the mother found it hard to give her children hugs or tell them she loved them.”

Using the Ahuru Mowai/Early Childhood Development programme as the basis for building rapport, interaction took place over cups of tea at their home, watching children outside or at the park.

The mother attempted to beat her alcoholism many times and spent time at Awhina House and Hanmer Springs for rehabilitation.

The baby came to the attention of Child, Youth and Family when the mother received counselling through Awhina House.

The case was successfully concluded with a mutual agreement between the parents.

The father, with good support from whanau, gained full care of the children and the mother has access rights.
RESTORATIVE JUSTICE

An offender admits their guilt, faces up to the victim and apologises. A victim voices their feelings, their grief and anger. The defendant listens, gets to understand what they have done and the impact of their offence. They get the chance to take personal responsibility and to put things right.

The victim’s anger subsides with the conference.

It’s a common scenario as victims and offenders are brought together through Restorative Justice, a process that enables forgiveness, healing and both parties moving forward.

Co-ordinator Robyn Smith receives referrals from the court or lawyer and seeks the victim’s agreement to meet the defendant, without which no conference can go ahead.

If the victim agrees, she prepares defendant, victim and their support people for the Restorative Justice conference at which everybody gets the opportunity to have a say about the effects of the offence and a possible way forward. They may also be referred to counsellor and whanau support.

During the latter half of the 2006-07 year, Robyn had eight cases including careless driving causing death and injury, assaults, burglary, sexual violation and threatening to kill. Female and male defendants of various ethnicities ranged in age from 15 to 45.

Victims are sometimes reluctant to meet the defendant.

One victim, severely injured in a car accident in which her friend died, was extremely angry about her situation. She wouldn’t meet the offender, a mutual friend who to her was carrying on as normal.

She changed her mind after a few weeks.

“I explained that everything she was voicing was what she needed to say to the offender. At the conference the offender was deeply affected by seeing her struggling to walk and the tears ran down his face. Lots of feelings were expressed but there was no yelling. Finally everyone hugged.

“These are the first steps to healing. We take minutes on what happens and report to the judge for a final decision. A restorative plan is developed to which the offender must agree.

“The offender lost his licence for six months, paid reparation to the victim and to the family of the deceased. He also knew he had to live with the effect of his crime for the rest of his life. He sought counselling, stayed out of jail and was able to continue providing for his family.”

The victim’s anger subsided with the conference and her physical condition has improved.
COMMUNITY INJURY PREVENTION PROGRAMME

Marae-Based Drivers License Programme
The instant gratification of seeing young drivers pass their licences is a constant delight for Community Injury Prevention Programme’s Tarling Roberts and Monty Manuel. Most of the 61 drivers to receive licences during the 2006-07 year came from Ngati Porou area schools, after support from principals. But a 57-year-old woman gaining her learner licence was an extra bonus.
“The principals organised access for CIPP to run programmes within their schools so students could start the process of gaining a full car licence while still at school,” says Tarling.
“It is really rewarding to see students with literacy problems, or who have attended a kura kaupapa school where all teaching is in te reo, get their licence.
“The whole aim is to prevent and reduce fatalities and traffic related injuries to whanau on East Coast roads.”
The CIPP team, with support from the Police, uses the programme to promote road safety messages.

Car seat restraint scheme
A constant stream of young mothers took advantage of the CIPP’s car seat hire scheme during the year. Over 30 parents hired seats for newborns to six-month-old babies, and a further 28 bought seats for tamariki aged 6 months to four years.
CIPP coordinator Tarling Roberts says various factors contributed to the increase including trained Safe2GO technicians providing one-on-one demonstrations on site.
“Another compelling factor is that babies cannot leave maternity hospitals without an approved car restraint. Our car seat presentations have made whanau more aware of the available options, and police help too by referring whanau to our services. For some of our whanau, WINZ provides funding assistance for either hiring or buying a new car seat.
“The service is invaluable to the health and wellbeing of our whanau.”

Whanau Programme & Manaaki Tangata Programme
Helping people become aware of the physical signs of drug and alcohol abuse is only part of the Moumou Tangata Moumou Tinana presentation.
The MtMt roopu focuses on prevention and improving whanau wellbeing by minimising harm from alcohol and drugs through presentations to schools, communities, marae and special interest groups. MtMt presentations are tailored to the needs of the community, the main requests being information on the increasingly prevalent drug “P” or methamphetamine, and family and general violence.
Various community groups are members of the MtMt coalition including Community Injury Prevention Programme, Police, ACC, GDC road safety co-ordinator, Ngati Porou Hauora, Public Health, volunteer fire officers, REAP and community volunteers.
BUDGET ADVISORY SERVICE

Budget advice is not just about having someone tell you what you can and can't do with your money. Advice given by Frances Grant at Ruatoria’s one-stop-shop Budget Advisory Service can be as varied as helping beneficiaries gain correct entitlements, supporting people through court, explaining how overdrafts work or providing food parcels, clothing, household items and accommodation.

A highlight of the 2006-07 year was the successful reimbursement of over $1500 to a beneficiary short-changed a disability allowance for power consumption for an oxygen concentrator machine. The correct entitlement, five times the original payment, was also instated.

Another case saw a client reimbursed with most of the $700 contributed to a Christmas hamper fund. The company involved had initially refused a cash refund but with the assistance of the Ministry of Consumer Affairs and the Tairawhiti Community Law Centre, with whom Frances works closely, the money was reimbursed less an administration fee.

Budgeting assistance, and advocating for people unable to help themselves, is part of the service.

“I helped a family organise automatic payments to repay a $30,000 debt, and got the bank to waive the usual fees.”

Increasingly more people have used the Budget Advisory Service during the year, with an average of several dozen a month. Word of mouth has been the best form of promotion.

The service runs two free clothing outlets, in Te Araroa and Ruatoria, and home management courses with Gisborne’s Christine Morrison, who covers budget advice for the area from Kaiti to Tolaga Bay.

“We are our own little Salvation Army.”
INVESTING IN NGATI POROU CULTURE, REO, MATAURANGA AND DEVELOPMENT

Hikurangi te toka tapu ra
Hikurangi te toka tapu ra
e pupuri e tiaki ana mai
nga raukura kua mene ki te po
aroha mai, huataukina to iwi e
Te waka o Maui te tupuna
koiro ko Nukutaimemeha e
anga atu te kei o ki mua
te hapai o, ki muri nei te Tairawhiti
Aue kua papapounamu te moana
Aue kua karohirohi to wairua
Hikurangi te toka tapu ra
e pupuri, e tiaki, ana mai
te waka o Maui te tupuna
te hapai o ki muri nei te Tairawhiti
Te Mana Motuhake o Porourangi e

Kuini Moehau Reedy - Tuhura
INVESTING IN NGATI POROU

CO-PRODUCTION

Te Puni Kokiri and the runanga have entered a long-term relationship, known as Co-Production, which builds on the runanga’s involvement in Capacity Building, Local Level Solutions and Whanau Development Action Research programmes.

Key investment areas are:

Knowledge Management Strategy

This involves designing a systematic approach to the collection, use and transmission of knowledge particular to the business. In that sense it is part of a strategy to improve business efficiency, retention of corporate knowledge and staff and stakeholder satisfaction through having timely access to appropriate information.

The challenges are more complex where there is a dispersed community of the kind that typifies tribes and their members, and a mix of public and proprietary knowledge.

Hapu Success Framework

The board will trial a Hapu Success Framework, within which priority interventions will be developed. Ngati Porou hapu provide governance for the tribe through their representatives on the runanga board. Individually, they are marae guardians, whanau leaders, decision-makers and keepers of te reo me ona tikanga.

Their strength, vitality and wellbeing are the tribal strength, vitality and wellbeing.

Hapu Governance Entities

Ngati Porou wishes to actively strengthen the governance arrangements of hapu to ensure they can manage a range of responsibilities. New legislation is being developed for Maori governance collectives managing collectively owned assets.

Tribal Curriculum

The design of Ngati Porou Curriculum Guidelines or Tribal Curriculum will help restore to Ngati Porou descendants knowledge about their identity. A strong sense of identity, knowledge and understanding of language and culture – Ngati Poroutanga – is linked to the quality of education outcomes and life experiences.

Business Incubator

Ngati Porou wishes to rigorously research best practice options to establish a business incubator on the East Coast in the next one to three years to evaluate and incubate business ideas with serious economic potential and accelerate the expansion of the best into large and valuable international markets.

ADULT COMMUNITY EDUCATION (ACE)

Facilitated by a successful application to the Tertiary Education Commission’s Innovation and Development Fund, the project helps strengthen Maori and Ngati Porou development. It also enabled the runanga to be funded as an ACE provider.

Achievements

- Developed understanding of ACE including Quality Assurance arrangements.
- Developed relationships with TEC, NZQA and the East Coast ACE network.
- Completed self review of current practice against ACE QA arrangements.
- Progressed development of ACE quality management systems for 2008 delivery.
- Contributed to an ACE regional overview of community learning needs.
- Achieved NZQA accreditation Foundation Skills Level 1 and 2.
- Reviewed Te Whare Wananga o Ngati Porou Charter.

This project was an innovative response and strategic contribution to restoring the Ngati Porou Learning Community. It enabled the runanga to build and grow capability as an iwi ACE tertiary provider and develop ACE resources that support the preservation of “Ngati Poroutanga.”
BENEFICIARY DATABASE
A steady flow of people registering on the Ngati Porou Beneficiary Database continued throughout the year at a rate of 50 registrations a month. By the end of June 2007 about 25,000 Ngati Porou whanau were registered, almost a fifth of them living within the rohe. But there's still some way to go before full registration is achieved. The 2006 Census revealed that 75,000 Maori identify as Ngati Porou. The benefits of registration were seen with relevant information efficiently mailed out to beneficiaries for issues regarding the fisheries settlement and Porou Ariki and runanga elections. But, database administrator Kotiro Korau says, the database is only ever as good as the information provided. Ngati Porou people are encouraged to check their personal details online and amend where necessary. If you are not registered and would like to be, please contact us on (06) 864 9004 extension 716 or go to www.ngatiporou.iwi.nz and register online.

CONNECT A NATI
Do you know your whanau? Do you know which marae you belong to? Connect A Nati, developed by the runanga, helps disconnected Ngati Porou whanau re-establish a connection with Ngati Porou, their whanau, marae and hapu. If the Connect A Nati administrator is unable to make a connection, a whakapapa expert is asked to help identify links. Sets of protocols have been established to ensure the parties involved are agreeable to connecting with each other before actually meeting face to face. Once the connection has been made, the runanga's role is complete.

E NATI
E Nati was designed to meet the communication needs of Ngati Porou marae and hapu and, with the e-c (electronic clustering) toolset, allow for expansion into a versatile communication tool. Marae and hapu were keen to take part in this project because of the ability to:
• maintain and control their own information
• keep information private – e.g. whakapapa, history, stories etc
• share information in real time
• create their own database
• have an affordable product that offers a practical solution for communicating with the wider whanau.
To help establish websites, groups received the following toolset components:
• news component for Panui/News Items
• Calendar of Events
• database development functions.
E Nati continues to progress albeit slowly because marae are having difficulties finding people to administer their individual sites. This could be resolved if marae clusters were formed and an administrator shared. Alternatively, the runanga plans to offer marae one-on-one training of up to four hours with an experienced website administrator. A training schedule is being developed to ensure training workshops will continue for the collective in the upcoming year. Contact E Nati coordinator Kotiro Korau on (06) 864 9004 ext 716 for more information.
Three marae – Kaiwaka, Rongohaere and Whareponga – have set up their own websites. Another, Hinepare, is ready to go live.
**E TIPU E REA**

A busy year for the E Tipu E Rea team saw the successful formation of the Ngati Porou School Trustees Association and the staging of its first conference.

Key priorities identified for 2006-07 were:
- Governance
- Professional Leadership & Practice
- Te Rangitawaea strategy
- Ngati Porou Curriculum Guidelines
- Early Childhood Education
- Te Reo Ake o Ngati Porou

ETER continues to support Ngati Porou East Coast schools by identifying opportunities, accessing resources and facilitating meetings between schools and external representatives. One example is the application to the DIA Digital Strategy Fund seeking support to facilitate a Computer in Homes project role within Ngati Porou.

Working parties comprising people with relevant expertise have been formed to drive each key priority area. The governance working party, for instance, comprises three board chairs with ETER providing administration support.

One of the year’s highlights was the formation of the Ngati Porou School Trustees Association comprising 18 boards from Potaka in the north to Waikirikiri in the south. The association’s inaugural conference was held in Te Araroa with 53 trustees from 15 boards in attendance. Holding the conference in the Ngati Porou rohe contributed significantly to the success due to enhanced accessibility and reduced travel costs. The conference helped strengthen relationships and build networks for the participants. It was considered to be one of the most successful initiatives ETER supported during 2006-07.

**Association bears fruit**

The Ngati Porou School Trustees Association, formed during 2006-07, meets each term to discuss current issues, share ideas and identify opportunities such as how boards can cluster for mutual benefits like property management.

Education support officer Leeanne Morice says the association is already reaping dividends.

“There is greater representation from the boards at our hui with more sharing and talking. Association chair John Haerewa (Te Waha o Rerekohu) who is an experienced board chair, has fielded many calls from schools seeking advice. Boards no longer feel so alone.”

Its inaugural conference, held soon after school board elections, focused on topical issues including property management, finance, strategic planning and new trustee training.
“The Cream Song”
Tera te mahi pai rawa,
e ki ia ana mai te mahi ra e puta ai,
nga moni nuinui noa
e wha nga ra e tama ma
ki nga pei marama
kua riro ke i nga nama
aue nga wawata

E rere ra te kirimi ki roto i nga kena nei
kia tika hawerewere, kei rere parorirori,
kia rite ai nga nama

Tera nga tino momo kau,
e ki ia ana mai
kei Taranaki rano,
na Maui Pomare
ko nga kau ra i rere ai
he Nati ki te hao
he rau mahau, he rau maku
ka ea nga wawata

Tera te pata rongoi,
he Nati te ingoa
te wahi ra i mahia ai,
ko Ruatorea
haramai ra te Pirimia,
mahau te kawanga
e pono ai te mahi nei
he mahi kai ano

na Ta Apirana Ngata
ECONOMIC DEVELOPMENT

OVERVIEW
This section of the report is divided into two parts to reflect the related but separate governance and management of:

1. Te Runanga o Ngati Porou and its subsidiary Pakihiroa Farms Ltd (PFL) and

2. Porou Ariki Trust and its subsidiaries:
   - Ngati Porou Seafoods Ltd (NPSL)
   - Ngati Porou Fisheries Ltd (NPFL)
   - Real Fresh Ltd (RFL)
   - which together form the Ngati Porou Seafoods Group (NPSG).

Role of the runanga in Ngati Porou economic development
Since its inception, the runanga has been actively involved in Ngati Porou business growth and development. The runanga acts as an advocate, securing seeding funding and positioning businesses to become self-managing. In some cases, such as the purchase of Pakihiroa, the runanga has been able to use its political leverage to negotiate advantageous purchase arrangements.

With the devolvement of commercial activities to subsidiaries and related entities, we have confined our economic role to tourism, business support (training and mentoring services for small businesses) and research and development.

This year, we accessed funding to support Ngati Porou landowners develop a Land Development Technology Strategy and initiate discussions on “Looking Beyond the Farm Gate – options to capture value.”

Future development of these projects will be led by Pakihiroa Farms Ltd.

We are also pleased with the progress that has been made in land development initiatives under the umbrella of the Tairawhiti-MRI, to which the runanga committed $150k. The establishment of the Tapuaeroa lamb fattening project, extension of cropping opportunities into the Waipu valley and the launch of the Hikuwai-Uawa Partnership are all positive outcomes of this investment.

A Ngati Porou economic development think tank, established by the runanga chairman, identified four projects that would be accelerants for Ngati Porou economic development. The four projects selected build off Ta Apirana Ngata’s co-operative model, collectivisation of assets to inform and influence markets, investing in infrastructure to attract and retain business and, harnessing and up-skilling our workforce.
TOURISM

Positioning Hikurangi maunga as a key destination for international and domestic visitors was the key priority for Ngati Porou Tourism during 2006-07. While the scope for tourism is extensive, the focus during the year was on creating and stimulating a sustainable demand for Ngati Porou Tourism and supply of Hikurangi Maunga Guided Tours.

Hikurangi Maunga Tour packages are available throughout the year and, if desired, are tailor-made to suit the needs of visiting groups and individuals. Current tour packages vary from 4WD tours to the Maui Whakairo, helicopter flights from Gisborne, guided tours on foot to the top of the maunga and to watch the sunrise.

Achievements

• Appointment of tourism coordinator in December 2006.
• Information Centre reopened with range of local crafts and products for sale.
• Internet access made available for public use in Tourism Visitor Centre.
• New signage installed on maunga advising access and contact information.
• Promotional highway billboards designed and erected.
• New brochures promoting Hikurangi Maunga Tours developed and distributed to i-sites in Gisborne and Opotiki.
• Hikurangi Maunga Tours promoted in local and regional publications.
• Range of tour packages developed with individual and group options.
• Networking and relationship building with other tourism operators.

Alignment to TRONP Strategic Plan

To support Ngati Porou development through sustaining an optimum return on the Ngati Porou assets managed by the runanga.

Guiding a blind man up Hikurangi on his 60th birthday was an absolute highlight of the year for Hikurangi Maunga Tours co-ordinator Paora Brooking. But the experience proved the biggest highlight for the man himself Maaka Tibble who, supported by nine of his whanau, walked the first stage from the carvings to the hut and then to the small lake Hinetakawhiti, 1300m above sea level, where Maui’s canoe reputedly lies.

“We’re building a quality experience so people make a connection with Hikurangi Maunga and come back. We’re looking to fly in cruise ship passengers, five choppers at a time, to land them in the carpark so they can see the carvings.

“We want people to experience the mountain through our stories and sights. It’s a story for the whole of New Zealand that needs to be experienced not just heard. The ultimate experience is to stay on the mountain, 1000m above sea level, and watch the sun rise or set. And safety on the mountain is an integral part of that.”

Paora says it is a privilege to be a guide on Hikurangi. Some of his more well-known clients include Bic Runga and Dover Samuels.
1 July 2006 represented the operational start date for Pakihiroa Farms Ltd (PFL). PFL incorporated the net farming assets (excluding Pakihiroa land) and liabilities previously operated within Te Runanga o Ngati Porou and became the employer of all staff working on Pakihiroa and Puanga stations.

OVERVIEW OF 2006/07 YEAR

The company spent the first quarter of 2006/07 (July to September 2006) bedding down new systems, policies and procedures for operating as a company structure and finalising budget projections for the first financial year. This included refinancing the company's banking facilities from Westpac to the Bank of New Zealand and confirming key external advisers to the board.

PFL planned to deliver a strong performance – both financially and non-financially – but as the year unfolded it became clear that PFL was birthed into a year that would be acknowledged as one of the toughest in a generation. Challenges included:

- the worst drought to hit the East Coast-Gisborne-Hawke's Bay district in 25 years
- record high $NZD exchange rates related to $US prior to 30 June 2007 reduction
- continuing rise in the NZ OCR interest rate
- continuation of lower than expected sheep returns and
- the passing of Pakihiroa farm manager Regan Poi in April 2007.

The impact of these challenges were felt in the second half of 2006/07 and while the company put strategies in place to minimise the impact on the business (such as reducing operating expenditures), the financial implications of the drought, exchange rates and poor sheep returns had a negative impact on the gross farm income and the inaugural PFL result for the year ended 30 June 2007.

Given that the majority of PFL’s trading takes place in the second half of the financial year, the climatic, market and financial challenges contributed materially to PFL recording a subsequent financial loss of $377,919 for the year.

Equally of concern is the fact that the drought will continue to affect the financial performance of PFL (and other farming entities on the East Coast) into next year as the company expects lower lambing percentages and the need to re-establish trading livestock on Puanga Station.

OPERATIONAL OVERVIEW

Climate

Puanga Station suffered significantly from the East Coast region’s official drought but Pakihiroa was only moderately affected given its natural regular rainfall. From January 2007 until April 2007, Gisborne received only 45% of normal rainfall.

<table>
<thead>
<tr>
<th>Gisborne Airport Rainfall Data</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07 Rainfall (mm)</td>
<td>89</td>
<td>49</td>
<td>20</td>
<td>82</td>
<td>45</td>
<td>41</td>
<td>18</td>
<td>45</td>
</tr>
<tr>
<td>Long-term Average(mm)</td>
<td>101</td>
<td>63</td>
<td>65</td>
<td>67</td>
<td>54</td>
<td>78</td>
<td>99</td>
<td>95</td>
</tr>
</tbody>
</table>

The flow-on effect of the drought on the company was significant in that PFL was:
- unable to trade budgeted additional livestock on Puanga Station and
- stock on-hand (particularly cattle) were unable to achieve budgeted live-weight targets and PFL was forced to sell-down this trading stock due to the lack of feed.
Market Performance

Sheep (including lamb)
Following on from the poor lamb returns of 2005-06, the company and market commentators were positive about pricing for the 2006-07. Unfortunately, actual pricing in the marketplace was less in 2006-07, particularly in the March to June window that PFL has traditionally sold its lambs. This was no doubt affected by the record exchange rates for both USD and the Euro.

Beef
A positive for the year was that beef prices remained strong during 2006-07 despite high international exchange rates.

Farm production performance

Pakihiroa Station
2006/07 represented the first year in the change in policy to a 60:40 sheep to cattle ratio. As a summer safe property, Pakihiroa farm production was relatively unaffected by the drought and Pakihiroa recorded increased lamb production (2007:5,847; 2006:4,635) and lower deaths (5% reduction in comparison to 2006). While these trends are positive, Pakihiroa Station did not achieve the farm production targets set by the Board (e.g. 130% lambing and <5% deaths) and the Board remain committed to achieving these targets.

Puanga Station
The drought had a significant impact on farm production at Puanga Station, in particular, maintaining and growing live-weights for cattle. The company did its best to manage its way through this situation but ultimately was forced due to the lack of feed to sell down all of its trading stock at less than ideal live-weights. At 30 June 2007, there was virtually no trading stock left on Puanga Station.

Staffing
The board, management and staff were shocked and saddened by the unexpected passing of Pakihiroa Station manager Regan Poi in April 2007. Regan put a huge effort into improving the station’s farm performance, as reflected in the improved sheep performance.

The company records its thanks to all staff in what was a very difficult year, in particular Toby Hohapata for acting as farm manager on Pakihiroa and Mo Koia for overseeing Puanga Station operations during a drought period. The company also acknowledges its casual staff on both stations.

Due to the passing of Regan Poi, the board advertised for a new farm manager and was pleased with the level of interest shown. Luke Scragg was appointed to the position with effect from 30 July 2007.

Casual Staff

Pakihiroa
Joseph Hohapata Corey Kururangi Manuel Maaka Deedum Manuel Henare Milner Gary Poi Margaret Poi Tyson Rangitakatu Ned Te Rauna Caroline Reuben Hemi Reuben Aidan Tangaere Jack Waihape

Puanga Station
Victor Beach Te Matakino Koia

<table>
<thead>
<tr>
<th>Farm Productivity KPIs</th>
<th>PFL 2007</th>
<th>TRONP 2006</th>
<th>TRONP 2005</th>
<th>TRONP 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SHEEP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lambing %</td>
<td>117</td>
<td>115</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Lambs bred (docked)</td>
<td>5847</td>
<td>4635</td>
<td>4937</td>
<td>4293</td>
</tr>
<tr>
<td>Sheep losses %</td>
<td>6.7</td>
<td>11.5</td>
<td>1.89</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>CATTLE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calving %</td>
<td>79</td>
<td>85</td>
<td>87</td>
<td>88</td>
</tr>
<tr>
<td>Calves bred</td>
<td>371</td>
<td>506</td>
<td>488</td>
<td>547</td>
</tr>
<tr>
<td>Cattle losses %</td>
<td>0.7</td>
<td>0.4</td>
<td>3.89</td>
<td>0.98</td>
</tr>
</tbody>
</table>

**Market Performance**

**Sheep (including lamb)**
Following on from the poor lamb returns of 2005-06, the company and market commentators were positive about pricing for the 2006-07. Unfortunately, actual pricing in the marketplace was less in 2006-07, particularly in the March to June window that PFL has traditionally sold its lambs. This was no doubt affected by the record exchange rates for both USD and the Euro.

**Beef**
A positive for the year was that beef prices remained strong during 2006-07 despite high international exchange rates.
**Financial Performance**

PFL's $377,919 net deficit for the year, although disappointing for the board, is no surprise given the climatic and market challenges PFL experienced.

The key impact on the result was the reduction in gross farm income relative to budgets; overall expenditures remained within budgeted levels. The board was proactive in minimising the financial implications of the drought and softer than expected lamb prices through constantly managing expenditures of the business. However, the financial implications of these climatic and market conditions could not realistically be offset by expenditure reductions given the magnitude of the situation.

**Gross Farm Income**

An internal analysis behind the reduction in gross farm income in comparison to budget identified the following drivers:

**Climatic (drought):**
- Inability to trade additional livestock (lambs, bulls and steers) on Puanga Station - $91,000
- Lower cattle live-weights contributed to less than budgeted returns on Puanga - $85,000

**Market:**
- Lower than budgeted lamb prices ($40 actual versus $55 budgeted) - $65,000
- Reduction in closing livestock values at year end in comparison to opening values - $82,000

**Farm Productivity:**
- Lower than targeted farm production targets (lambing and calving) - $86,000

The board recognises that the financial success of PFL depends on growing the farm income. The company is committed to growing farm production on Pakihiroa and Puanga stations to maximise financial returns when the expected improvement in sheep returns materialises.

**Expenditure**

Core expenditures for PFL highlighted improving efficiencies relative to previous years. The company plans to continue to review expenditures to ensure the company is operating at maximum efficiency and further expenditure efficiencies have been identified for 2007-08.

**Cash Flow**

Despite the difficult trading conditions, PFL is pleased with the overall management of its cash-flows with only a small ($8,288) cash deficit from operations which includes the net creditors inherited from TRONP upon establishment.

The refinancing of the PFL funding with Bank of New Zealand ($700,000) also enabled PFL to settle the debts it took over from TRONP on establishment including:
- settlement of the historical Mana Loan from TRONP to the farms - $200,000
- repayment of the Westpac Term Loan - $200,000
- repayment of existing hire purchase agreements - $9,112
- principal repayment of other shareholder loans - $20,926

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<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross farm income</strong></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td>Gross farm income</td>
<td>778,723</td>
<td>315,607</td>
<td>421,528</td>
<td>732,867</td>
<td>796,036</td>
</tr>
<tr>
<td><strong>Gross expenses</strong></td>
<td>$(518,076)</td>
<td>$(528,154)</td>
<td>$(747,579)</td>
<td>$(573,181)</td>
<td>$(571,872)</td>
</tr>
<tr>
<td>Other income</td>
<td>-</td>
<td>9,114</td>
<td>49</td>
<td>20</td>
<td>92</td>
</tr>
<tr>
<td><strong>Net operating surplus/(loss)</strong></td>
<td>$260,647</td>
<td>$(203,433)</td>
<td>$(126,002)</td>
<td>$159,706</td>
<td>$224,256</td>
</tr>
<tr>
<td>TRONP lease &amp; grants</td>
<td>(80,000)</td>
<td>(80,000)</td>
<td>(31,115)</td>
<td>(31,115)</td>
<td>(31,115)</td>
</tr>
<tr>
<td>Interest on debt</td>
<td>(64,743)</td>
<td>(66,022)</td>
<td>(49,563)</td>
<td>(28,924)</td>
<td>(27,277)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(20,000)</td>
<td>(28,464)</td>
<td>(31,402)</td>
<td>(36,038)</td>
<td>(38,260)</td>
</tr>
<tr>
<td>Revaluation of Puanga</td>
<td>-</td>
<td>-</td>
<td>$1,205,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net operating surplus/(deficit)</strong></td>
<td>$95,904</td>
<td>$(377,919)</td>
<td>$766,918</td>
<td>$63,629</td>
<td>$127,604</td>
</tr>
</tbody>
</table>
LOOKING FORWARD – 2007-08

2007-08 represents a year of recovery from the challenges faced in the current year. PFL is positive about 2007-08 because it was largely able to maintain its capital stock, based on Pakihiroa Station, when many other farms were forced to sell. This stock was in good condition looking ahead to lambing and calving in the spring of 2007. The company remains optimistic that sheep returns will begin to improve after the very poor last few years which will improve bottom-line performance. Pakihiroa’s new farm manager will also bring new ideas and enthusiasm to improve the station’s performance.

Ka noho whitiki tonu te poari me nga kai mahi ki te hiki i nga whakahaere me nga ahuatanga o te Pakihiroa ki tetahi taumata noa atu. “Toitu Te Whenua.”

Na Matou Selwyn Parata (Chairman), Tate Pewharangi, Wi Mackey, Hilton Collier, Lance Rickard, Bill Burdett me Koro Dewes.

### Statement of Financial Performance for year ended 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2007</th>
<th>Variance to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budgeted</td>
<td>Budget</td>
</tr>
<tr>
<td>Gross Farm Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net income from sheep</td>
<td>130,249</td>
<td>408,747</td>
<td>(278,498)</td>
</tr>
<tr>
<td>- Net income from cattle</td>
<td>101,019</td>
<td>276,730</td>
<td>(175,711)</td>
</tr>
<tr>
<td>- Net income from wool</td>
<td>84,339</td>
<td>93,245</td>
<td>(8,906)</td>
</tr>
<tr>
<td>Total Gross Farm Income</td>
<td>$315,607</td>
<td>$778,722</td>
<td>(463,115)</td>
</tr>
<tr>
<td>Other income</td>
<td>$9,114</td>
<td>-</td>
<td>9,114</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Farm working</td>
<td>386,242</td>
<td>400,198</td>
<td>13,956</td>
</tr>
<tr>
<td>- Repairs &amp; maintenance</td>
<td>25,564</td>
<td>26,888</td>
<td>1,324</td>
</tr>
<tr>
<td>- Standing charges</td>
<td>24,082</td>
<td>25,552</td>
<td>1,470</td>
</tr>
<tr>
<td>- Administration</td>
<td>92,266</td>
<td>65,436</td>
<td>(26,830)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>$528,154</td>
<td>$518,074</td>
<td>(10,080)</td>
</tr>
<tr>
<td>Expenditure excluding depreciation, interest &amp; lease</td>
<td>$518,074</td>
<td>(10,080)</td>
<td></td>
</tr>
<tr>
<td>Net surplus/(loss) before depreciation and interest</td>
<td>($203,433)</td>
<td>$260,648</td>
<td>(464,081)</td>
</tr>
<tr>
<td>- Depreciation</td>
<td>28,464</td>
<td>20,000</td>
<td>(8,464)</td>
</tr>
<tr>
<td>- Interest</td>
<td>66,022</td>
<td>64,744</td>
<td>(1,278)</td>
</tr>
<tr>
<td>- Lease Pakihiroa Station</td>
<td>80,000</td>
<td>80,000</td>
<td>(80,000)</td>
</tr>
<tr>
<td>Net surplus/(deficit) for the year</td>
<td>($377,919)</td>
<td>$95,904</td>
<td>(473,823)</td>
</tr>
</tbody>
</table>

### Statement of Financial Position

As at 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2,115,739</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>- Bank overdraft</td>
<td>13,101</td>
</tr>
<tr>
<td>- Accounts payable</td>
<td>55,339</td>
</tr>
<tr>
<td>- Related party payables</td>
<td>10,111</td>
</tr>
<tr>
<td>- GST payable</td>
<td>23,201</td>
</tr>
<tr>
<td>Term Liabilities</td>
<td></td>
</tr>
<tr>
<td>- Shareholder loan</td>
<td>34,817</td>
</tr>
<tr>
<td>- Bank loan</td>
<td>700,000</td>
</tr>
<tr>
<td>Total Term Liabilities</td>
<td>734,817</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$2,952,308</td>
</tr>
</tbody>
</table>

### Statement of Cash Flows

For year ended 30 June 2007

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING CASH FLOWS</td>
<td>($8,288)</td>
</tr>
<tr>
<td>INVESTING CASH FLOWS</td>
<td></td>
</tr>
<tr>
<td>- Purchase of Fixed Assets</td>
<td>($19,446)</td>
</tr>
<tr>
<td>FINANCING CASH FLOWS</td>
<td></td>
</tr>
<tr>
<td>- BNZ term loan</td>
<td>700,000</td>
</tr>
<tr>
<td>- Repayment of Hire Purchase</td>
<td>(9,112)</td>
</tr>
<tr>
<td>- Repayment of Mana Loan</td>
<td>(200,000)</td>
</tr>
<tr>
<td>- Repayment of Westpac Loan</td>
<td>(20,926)</td>
</tr>
<tr>
<td>Net Financing Cash Flows</td>
<td>$269,962</td>
</tr>
<tr>
<td>NET INCREASE IN CASH</td>
<td>$242,228</td>
</tr>
<tr>
<td>Opening Cash Overdraft</td>
<td>($255,329)</td>
</tr>
<tr>
<td>CLOSING BALANCE OF CASH</td>
<td>($13,101)</td>
</tr>
</tbody>
</table>
POROU ARIKI TRUST (PAT)

Porou Ariki Trust enjoyed an exciting and busy past year. A full complement of trustees worked hard to fulfil their responsibilities in the best interest of all Ngati Porou people and developed a sound understanding of the rapidly changing fisheries industry together with emerging threats and opportunities.

The inaugural PAT Annual General Meeting was convened on 21 April 2007 at Pakirikiri Marae, Tokomaru Bay. The board reported on its performance against their 2006-07 annual plan and presented the 2007-08 plan for endorsement. Ngati Porou Seafoods Ltd (NPSL) gave a full report on the asset holding company’s management activities and an optimistic forecast of projected profit and business development goals. As part of our general efficiency drive, the trust’s AGM and reporting requirements will be synchronised with the runanga’s reporting requirements. In keeping with financial reporting standards, the runanga is required to report on the consolidated financial performance and activities of all entities in which it has material interest. A combined annual report will provide the same added value that Nga Kohinga o Ngati Porou provides to Ngati Porou.

This report focuses on key areas of work undertaken since 1 March 2007 and highlights the year ahead. The four strategic focus areas for Porou Ariki Trust are:

**Mandating Requirements and Asset Securement**

Agreement has been reached with Whanau a Apanui on the boundary between Apanui and Ngati Porou. However, Apanui are still working to secure approval for their Mandated Iwi Organisation. Preliminary discussions with Mahaki and Rongowhakaata were promising but no agreement has yet been reached on an acceptable coastline quota share. We will need to revisit these discussions to finalise an agreement.

The CEO worked with the board to develop an internal distribution and investment policy to guide decisions on the application of distribution dividends received from fisheries companies. Ngati Porou Seafoods Group general manager is working with his board to prepare a dividend distribution policy for ratification by October 2007.

**Planning and Management**

Much effort has gone into establishing suitable management support. The PAT CEO and NPSG general manager agreed to develop a co-management model based on the specific roles and responsibilities, strengths, experience and expertise of the governance and management members of both organisations.

A key responsibility of the PAT board is the appointment of directors to its fishing companies Ngati Porou Fisheries Ltd (trading company), Ngati Porou Seafoods Ltd (asset holding company) and Real Fresh (retail and wholesale operation). The name Ngati Porou Seafoods Group was adopted to cover all three entities. The board’s original 31 July 2007 timeframe for appointing directors was adjusted to ensure a robust and transparent process. External consultants Taua Ltd were engaged to manage the nomination process. We acknowledge the gratis services of Herewini Te Koha of Taua Ltd.

The board thanks the NPSL board for its pivotal role in establishing a sound and viable platform to grow our fisheries assets and expand commercial operations. PAT met all reporting requirements for the past year.
Protecting Value and Sustainability

The PAT board is responsible for protecting the value of fisheries assets (settlement and non-settlement) accrued to Ngati Porou. This requires discussions with NPSG directors to determine a fair value, based on independent analysis, market information and sound judgement.

The company this year recommended the same asset valuation of $27.06m be attributed to settlement fisheries assets as was agreed with the board last year. Independent valuers assessed the value of fisheries assets had increased by about $700k. The company advised that with the threat of quota reductions in high value species and the impact of restrictions on AFL shares, it was more appropriate to settle on the conservative value.

PAT has to be alert to major industry threats such as the Shared Fisheries proposal, and the incessant lobbying by sector extremists who do not appreciate our efforts to achieve sustainable fisheries. We are mindful of the need to balance customary, recreational and commercial fisheries imperatives.

PAT board members attended regional aquaculture forums convened by the local authority and Te Puni Kokiri to develop a regional aquaculture framework. We are well positioned to exploit opportunities through the Maori Commercial Aquaculture Claims Settlement Act. While there is still a lot of investigation and discussions ahead, we are confident that the combined efforts of PAT, Ngati Porou hapu and NPSG will place us at the forefront of developments within Tairawhiti.

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PAT Board member Gordon Aston and NPSG general manager Mark Ngata represent Ngati Porou interests on the CRA3 multi-stakeholder forum. They have made concerted efforts to engage with hapu to inform them of forum workings and encourage them to assert their respective positions on customary fisheries. Our major investment decision to date was to invest $1.1m in NPFL's acquisition of nearly 186 million quota shares (about 219mt of quota). The balance of the total $3.3m plus GST purchase price was provided by NPFL, $1.2m and NPSL, $1m. In May 2007 the runanga transferred all its beneficial interests in NPFL to Porou Ariki Trust. This rationalised ownership and governance arrangements for Ngati Porou's fisheries and related assets.

Good Governance

Strong constitutional requirements in the Maori Fisheries Act are built into the PAT trust deed. A two-year moratorium prevents any changes to the PAT trust deed until March 2008.

PAT, NPFL and NPSL secured charitable tax status by leveraging off the runanga's charitable tax status. All fisheries entities will need to register with the Charities Commission if they wish to retain this status.

Induction training was provided to the PAT board on the historical context for fisheries settlement, responsibilities and duties under the Maori Fisheries Act 2004 and PAT trust deed, the structure and operations of NPFL and NPSL, governance responsibilities and insight into the fishing industry and relevant legislation.


Porou Ariki Trust contributed $125k towards the 2007 Ngati Porou marae grants.

<table>
<thead>
<tr>
<th>Key Priorities for 2007-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appoint directors of Ngati Porou Seafoods Group.</td>
</tr>
<tr>
<td>Confirm coastline agreements with Te Whanau a Apanui, Te Aitanga a Mahaki and Rongowhakaata.</td>
</tr>
<tr>
<td>Complete communication strategy.</td>
</tr>
<tr>
<td>Provide appropriate support to increase number of people registering with the runanga and continue updating the register.</td>
</tr>
<tr>
<td>Develop tikanga-based customary fisheries framework.</td>
</tr>
<tr>
<td>Maintain strategic oversight of central and local government reforms and policies impacting on the value and sustainability of fisheries.</td>
</tr>
<tr>
<td>Review participation and representation in key stakeholder forums.</td>
</tr>
<tr>
<td>Progress Research &amp; Development approach to support tikanga-based sustainability strategies.</td>
</tr>
<tr>
<td>Assess value applied to NPSG's fisheries assets to ensure fair and appropriate value.</td>
</tr>
<tr>
<td>Review profit distribution and investment policies.</td>
</tr>
<tr>
<td>Continue monitoring NPSG and its strategic and annual plans.</td>
</tr>
<tr>
<td>Complete governance and remuneration policies.</td>
</tr>
<tr>
<td>Implement annual trustee training programme.</td>
</tr>
</tbody>
</table>
PREFACE

It is my pleasure to preface this second annual report of Ngati Porou Seafoods Group (NPSG) to Porou Ariki Trust as shareholder, representative of nga uri o nga hapu o Ngati Porou and to all our Ngati Porou whanaunga and stakeholders.

The seafoods group of companies has moved a long way since its establishment in 2002. Directors and staff, building on the sound base provided by previous solid work, worked tirelessly to establish a strong fisheries company on behalf of its shareholders. The board is entering a new phase with new directors for the group to be appointed in early 2008. On behalf of the outgoing board, we wish those chosen all the best.

Whaimutu Dewes

OVERVIEW — general manager Mark Ngata

The 2006-2007 year has been very busy with the key focus on establishing NPSL structures and a relationship with NPFL. It also involved taking part in numerous fisheries management forums dealing with new proposals such as Shared Fisheries and stakeholder groups dealing with resource protection and growth.

Operating conditions continued to present many challenges and several positive highlights for the Ngati Porou Seafoods Group. The high value of the $NZ, which reached a record $0.82 against the USD in May/June 2007, placed significant pressure on the industry nationally and globally. While this did not affect ACE trading prices too much this year, some impact is envisaged in the coming year due to increased operational costs for, in particular, fuel, oil, labour, compliance and tight trading conditions.

Industry rationalisation, consolidation, and cooperation continued throughout the year including a strategic alliance between NPSG and Aotearoa Fisheries Ltd.

A significant milestone for the year and part of NPSG’s strategic plan, this included acquiring key quota species, transferring NPFL shares from TRONP to Porou Ariki Trust and the takeover of the Moana Pacific retail and wholesale business on the Gisborne wharf waterfront.

The seafood company, an important asset for the future of Ngati Porou, is required to generate a commercial return. Management must ensure its resources are managed in a sustainable manner sensitive to the cultural expectations of stakeholders. Critical to this is identifying the areas that are achievable, logical and profitable.

KEY ISSUES AND HIGHLIGHTS

A number of key issues required management attention during the year.

RETURN ON INVESTMENTS (ROI)

Quota shares

• Allocated (Owned) Quota Shares
  – Target, 8% (based on deepwater quota shares allocated in 2006 with an asset book value of $10.181m)
  – Achieved, 11% (net revenue from allocated quota shares of $1.122m)

• Unallocated Quota Shares
  – Target, 8% (based on coastline quota shares with estimated value of $6.2m)
  – Achieved, 7% (net revenue of $428k)
  – Return on asset would rise to 8.5% if TOKM overhead charges, incurred on unallocated quota, were removed through allocation.
VALUATION REVIEW OF FISHERIES ASSETS

Last year NPS went through a process that delivered a fair valuation of the quota and AFL shares. The quota/AFL shares were calculated using a discounted cash flow (DCF) model because insufficient information on AFL existed to complete a net tangible asset (NTA) model on the AFL shares. A review of the fishery settlement assets received by NPSL ($33m) was appropriate and undertaken. After much discussion and considerable judgement it was agreed to discount the transferred value of these assets to a fair carrying value:

- Quota Shares = $10.181m
- AFL Shares = $16.886m
$27.067m

PAT/NPSL are required to undertake an annual valuation review of the fisheries settlement assets allocated to assess a true and fair carrying value. Ireland Wallace & Associates, a recognised valuation company based in Wellington, was engaged to conduct this valuation review.

Quota Shares

The discounted cash flow model was adopted in 2005-06 as the most practical assessment of value as it reflected income-earning potential of the quota achieved over a five-year period. This same methodology was viewed as the most appropriate model and accordingly the review determined that the current valuation of $10.181m for allocated quota shares held within NPSL was a true and realistic value and should be retained.

During the year NPFL purchased quota shares that were also brought under the accountability of Porou Ariki Trust. They were subjected to the same valuation review and included in the overall quota share valuation review. The total value of all quota shares held by NPSG based on the DCF model is outlined herein.

Aotearoa Fisheries Ltd Shares

In 2005-06, AFL shares were assessed using a net tangible asset model. A 25% discount applied to account for the inability to generate returns until 2009-10, no voting rights and the onerous restrictions on any potential share sales.

These same encumbrances exist in 2006-07. While more information about AFL’s asset value is available, the assessment of this information and assumptions made is still difficult to access for accurately determining the true and fair carrying value. NPSG is looking to raise these matters with AFL/TOKM to mitigate the discount factors and other issues for the future.

Based on the independent review and NPSG discussions with the board, it was recommended that the value of Ngati Porou’s AFL shares be retained at the same level until better access and understanding of the information is available.

This review results in an overall asset value of $30.767m as a fair and realistic asset carrying value. This is an increase of $3.7m from the 05/06 asset valuation.
FISHERY MANAGEMENT

NPSG quota assets, worth an estimated $16m, can be significantly reduced in value if fishery management practices are not effectively monitored or controlled. As part of that, it is critical NPSG is a prominent member of fishery stakeholder groups working towards the effective and sustainable management of resources.

Deepwater Sector

This is an important focus area with NPSG’s assets accounting for about 70% of annual revenue. Key species include hoki, orange roughy, oreo dory, squid, ling, hake and southern blue whiting. Industry leaders Sealord, Sanfords and Talley’s dominate 65% of this sector.

The Deepwater Management Group, of which NPSG is a member, faces a number of key issues that could affect the fishery and Ngati Porou’s asset value including:

• a cut to the Hoki Total Allowable Commercial Catch (TACC) for 07/08 due to declining recruitment since 2003. This will affect NPSG’s annual revenue but the cut will help address the declining trend and promote recruitment short-term.

• a 1000 tonne TACC cut to orange roughy, Area 3B in Oct 2007 to address poor stock recruitment over the past 10 years. This will have minimal impact on NPSG revenue as shares in ORH 3B are relatively small. Further TACC cuts are likely in October 2008 after recommendations agreed between the Deep Water Group and the Ministry.

• a TACC cut of at least 50% to oreo dory, Area 1 discussed by quota owners. The impact will be minimal as NPSG shares in OEO1 are relatively small.

FMA2 Inshore

The FMA2 management group has been reviewing sustainability measures and other management controls for the 2007-08 fishing year including proposals from the Ministry of Fisheries in its Initial Position Paper.

A NPSG representative has been appointed as a director of the FMA2 management group. This will allow the group to acquire direct access to all information on the FMA2 fishery and take part in decisions affecting the fishery and our quota shares. This is in line with our objective to be on all key stakeholder group forums.

Major issues currently confronting the FMA2 management group include setting TACC levels, over-fishing of some stocks and setting values that promote landing rather than dumping fish.

CRA2 & 3

Ngati Porou has unallocated settlement quota share assets within CRA2 (Bay of Plenty/East Cape) and CRA3 (East Cape/Wairoa).

The CRA3 multi-stakeholder group, which brings together customary, commercial, recreational groups and the Ministry, was formed last year after concerns about regional stock levels, the lowest since the 1980s reflecting a Catch Per Unit Effort (CPUE) of 0.45 lobster a pot. The resource is currently showing signs of recovering with a good commercial season to date in terms of lobster size and volumes (CPUE of average 0.62 lobster a pot). The MFish commercial target is 0.75 lobster a pot.

The CRA3 group began redefining strategic goals for the fishery, identifying tools required to improve resources and developing a management plan to provide a sustainable resource for all sectors. Key outcomes identified are the development of a sustainable CRA3 fishery, a healthy fisheries environment and a fishery for all sectors. Key goals within each sector to achieve these outcomes are currently being identified. These will form part of the fishery management plan to effectively manage the fishery forward.
AQUACULTURE

Australian Aquaculture Conference

In August 2006 the general manager and board chairman attended the second Australasian Aquaculture Conference in Adelaide. The aim is to acquire key information, widen networks and identify opportunities for potential investment or alliances. Highlights were:

- the prediction aquaculture products will comprise 50% or more of the global seafood consumption by 2015
- the marketing potential of aquaculture, regionally and globally
- potential for co-operation with local government and conservation groups
- new technology and systems to increase sustainability and profitability.

Key issues were:

- recognising how far NZ lags behind the world in aquaculture development
- understanding the economy of scale for sustainable, profitable aquaculture
- the poor representation of NZ and iwi companies at the conference.

This conference and R&D aquaculture strategies (Niwa research) helped NPSG understand the requirements and best options for developing this sector. As a result, a R&D strategy will soon be presented to the NPSG and PAT boards.

Gisborne region aquaculture update

NPSG aims to ensure Ngati Porou is in a strategic position to receive settlement assets and optimise all opportunities within the aquaculture sector.

Several meetings held during the year, initiated by the Gisborne District Council and interested parties, helped identify the process required to progress aquaculture management areas and begin marine-based operations.

Presentations from NIWA, Cawthron Institute, Te Puni Kokiri and other regional councils provided useful information including the costs involved. To minimise any potential impact and initiate progress, NPSG and RUAMANO (Te Runanga o Turanganui A Kiwa commercial fishing company) formed a Memorandum of Understanding.

A constraints mapping process will be conducted to identify key locations and most appropriate species for marine aquaculture. We need to know what we can do and where, otherwise investment becomes uncertain and unlikely.

NPSG will maintain networks and visit key farms in New Zealand and South Australia before providing a detailed business case to the board and Porou Ariki Trust.
STRATEGIC ALLIANCE

In June 2007, NPSG finalised a strategic alliance with Aotearoa Fisheries Ltd. This is expected to provide growth opportunities for the company and includes:

- a retail/wholesale business
- a supply agreement, product for business activities
- administration facilities above retail/wholesale business in key business location
- multi-year inshore wetfish quota commitment
- customary: Pataka Kai system for gathering a continuous supply of kaimoana on commercial vessels, processed and held in commercial premises.

This alliance provides a good “fit” for NPSG objectives, enabling opportunities that are strategic, profitable, viable and sustainable. It provides ownership and participation in a vibrant regional seafood business in a key location with opportunities to develop and expand brands and markets.

REAL FRESH LTD

The wharf-front retail store, formerly Moana Pacific, was transformed into a seafood market and opened mid-September 2007. The retail/wholesale business has been branded ‘Real Fresh Ltd’, trading under the name ‘Real Fresh from the sea’.

The name ‘Real’ symbolises:

- our products (real fresh, quality, variety)
- our business (real commitment, responsibility)
- our people (real values, pride, uniqueness).

The stylised logo represents the ‘Mangopare’ (hammerhead shark), one of the children of Tangaroa, the guardian and protector of the oceans. Mangopare symbolises strength, agility and tenacity, and a commitment to growth and prosperity.

A principal motif used in kowhaiwhai throughout the Tairawhiti, the Mangopare links to the new runanga logo ‘Tiwhana o Maui’, portraying the Mangoroa (long shark, the milky way) above and Ururoa (the shark) below. This unites and strengthens the relationship between the two entities.

The Real Fresh name and logo has been designed to enable future transition into global arenas.

REAL EXPERTISE

Keriana Walker (left), Ngati Porou, is the retail shop supervisor, she has more than 15 years’ experience in seafood industry and is extremely excited and proud with this new development.

Lesley Lousich, Poutini, Ngai Tahu, Ngati Ruanui, has joined the team as management accountant. She was previously with TRONP and TOKM.

Roberta (Bobby) Reedy, Aitanga a Hauiti, Ngati Porou, Ngai Tahu, is still providing stability and passion as group administrator.

Mark Ngata, Ngati Porou, Te Whanau a Karuai, has been General Manager for just over 12 months and has nearly 20 years’ experience in the seafood industry nationally and internationally.
INFORMATION SYSTEMS UPGRADE
NPSG has upgraded its information systems to ensure appropriate financial reporting systems are in place to meet company, group and external requirements. The upgrade was necessary to accommodate NPSG’s growth strategy and reporting requirements, point of sale (POS), quota management and consolidated inter-company reporting. Additional hardware and software are available as the company expands into export, manufacturing and aquaculture. All equipment is being leased rather than bought using capital funds. This frees up cash for other areas and doesn’t burden the company with divesting outdated hardware and software.

RESEARCH & DEVELOPMENT
Research and development is a key part of NPSG future initiatives if the company is to develop new products from all species, enhance and implement aquaculture initiatives and derive revenue from by-products or previously discarded bioactives. The company is currently conducting several projects alongside its current operations to develop these initiatives further.

THE COMING YEAR & BEYOND
With 90% of New Zealand’s seafood exported, global trading conditions have been difficult. Subsequent pressure on the national fishing industry through increased fuel and labour costs, and bank interest rates is likely to continue into the new year. However, with the future and opportunities to grow the seafood business remaining positive, NPSG has begun the first stages of its five-year strategic growth plan. Management must ensure resources are managed in a sustainable and profitable manner, and identify areas that are achievable, logical and profitable.

Key initiatives for the coming year will be to:
• develop the retail/wholesale business format including:
  – processing in-house instead of contracting
  – widening wholesale networks between Potikirua and Wairoa which may include a fish bus concept
  – adding a seafood takeaway to the shop to improve fish utilisation options and returns.
• catch key quota ACE and land back to business for improved utilisation and returns
• continue progress in developing aquaculture opportunities
• further develop export niche market opportunities to improve business profile and returns
• maintain and develop NPSG’s influential position on all key fishery management stakeholder groups.
Consolidated financial summary for year ended 30 June 2007

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>GROUP PLAN 2006/07</th>
<th>YEAR TO DATE</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Actual ($000)</td>
<td>Var to Plan ($000)</td>
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<tr>
<td><strong>EARNINGS</strong></td>
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<tr>
<td>Group Revenue</td>
<td>$1,631,000</td>
<td>$1,979,325</td>
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<tr>
<td>Investments</td>
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<td>$239,221</td>
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<tr>
<td>Other</td>
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<td>$237,111</td>
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<tr>
<td>Group Costs</td>
<td>$746,359</td>
<td>$1,110,572</td>
</tr>
<tr>
<td>Operating Net Profit / (Deficit)</td>
<td>$1,063,641</td>
<td>$1,345,085</td>
</tr>
</tbody>
</table>

**BALANCE SHEET**

| EQUITY             |                     |               |                       |
| Shares (Ordinary)  | $555,182            | $1,655,182    | $1,100,000             | $1,100,000 |
| Retained Earnings  | $30,063,794         | $28,903,889   | -$1,159,905            | -$795,827 |
| **Total Equity**   | $30,618,976         | $30,559,071   | -$59,905               | $304,173 |

| ASSETS             |                     |               |                       |
| Current Assets     | $3,577,446          | $1,550,334    | -$2,027,112            | -$1,984,727 |
| Non-Current Assets | $9,407              | $16,120       | $6,713                 | -$621 |
| Investments        | $27,067,407         | $30,767,407   | $3,700,000             | $3,700,000 |
| **Total Assets**   | $30,654,260         | $32,333,861   | $1,679,601             | $1,714,652 |

**Statement of Financial Performance:**

**2006/07 Commentary:**

- **Revenue (Gross):**
  - ACE growth was $348k (21%), due to improved market pricing to key species.
  - Investment growth was $60k (33%), resulting from significant increase in bank term deposit interest rate from 6% (bud) to 8.5% (act).
- **Group Expenses:**
  - Quota costs increased by $212k (94%), due to TOKM costs on unallocated quota, an increase in deepwater species levy costs and additional levies on acquired (unforecast) quota.
  - Operational costs increased by $148k (29%), due to internal management fee between companies ($206k) for quota management services and operations expenses incurred in progressing R&D projects.
- **Net Profit Surplus:**
  - Growth of $280k (26%) against budget and 36% improvement against 05/06 result, (excluding the one-off asset value of $27m).
- **Dividend:**
  - Growth of $113k (26%), from $425k (budget) to $538k (actual). A 36% improvement against 05/06 result, (excluding the one-off asset value of $27m). This dividend is based on operating surplus. In addition, a special dividend of $1.35m was declared and paid through NPFL retained earnings from previous years.

**Statement of Financial Position:**

**2006/07 Commentary:**

- **Equity:** Increase of $300k against 05/06 due to operating surplus and an increase in capital against a decrease for payment of a special dividend. (see Dividend section above)
- **Total assets:** Growth of $1.7m (5%) against plan, due to term deposits reduced by $2m to fund quota acquisition and asset increases of $3.7m from the resulting increased quota assets.
- **Liabilities:** increase of $1.4m against 05/06 due to purchase of additional quota and provision of 06/07 dividend.
# FINANCIAL STATEMENTS

For the year ended 30 June 2007

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The trustees are responsible for the preparation, in accordance with New Zealand law and Generally Accepted Accounting Practice, of financial statements which give a true and fair view of the financial position of Te Runanga o Ngati Porou and group as at 30 June 2007 and the results of their operations and cash flows for the year ended 30 June 2007.

The trustees consider that the financial statements of Te Runanga o Ngati Porou and group have been prepared using accounting policies appropriate to Te Runanga o Ngati Porou and group, consistently applied and supported by reasonable and prudent judgement and estimates, and that all applicable financial reporting standards have been followed.

The trustees have responsibility for ensuring proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Te Runanga o Ngati Porou and group and enable them to ensure that the financial statements comply with the Financial Reporting Act 1993.

The trustees have responsibility for maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The trustees consider that adequate steps have been taken to safeguard the assets of Te Runanga o Ngati Porou and group and to prevent and detect fraud and other irregularities.

The trustees are pleased to present the financial statements of Te Runanga o Ngati Porou and group for the year ended 30 June 2007. The financial statements and group financial statements for Te Runanga o Ngati Porou for the year ended 30 June 2007 on pages 47 to 60 were authorised for issue on 18 October 2007.

For and on behalf of the Trustees

A Mahuika
Chairman

S Parata
Deputy Chairman
## Te Runanga o Ngati Porou and Group

### STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2007

<table>
<thead>
<tr>
<th>NOTE</th>
<th>GROUP</th>
<th>PARENT</th>
<th>GROUP</th>
<th>PARENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
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<td></td>
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<td>Service Contracts and Grants</td>
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<td>2,869,958</td>
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<td>Dividends</td>
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<td>Rental Income</td>
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<tr>
<td>Gain on sale of assets</td>
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<td>6,728</td>
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<tr>
<td>Farming Income</td>
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<td>Farm Livestock Holding (Loss)/Gain</td>
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<td>Gain on sale of Puanga Station</td>
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<tr>
<td>TOKM Fishing Allocation to Ngati Porou</td>
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<td>-</td>
<td>-</td>
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<td>Sundry Income</td>
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<td><strong>TOTAL REVENUE</strong></td>
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<td>4,844,170</td>
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<table>
<thead>
<tr>
<th>Expenses</th>
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<tbody>
<tr>
<td>Audit Fees</td>
<td></td>
<td>88,500</td>
<td>72,000</td>
<td>47,725</td>
</tr>
<tr>
<td>Bad and Doubtful Debts</td>
<td>6</td>
<td>(7,815)</td>
<td>(7,815)</td>
<td>39,271</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7</td>
<td>181,206</td>
<td>147,622</td>
<td>248,092</td>
</tr>
<tr>
<td>Directors’ Fees (incl consulting fees)</td>
<td>8</td>
<td>56,800</td>
<td>-</td>
<td>115,796</td>
</tr>
<tr>
<td>Farming Expenses</td>
<td></td>
<td>263,397</td>
<td>-</td>
<td>743,178</td>
</tr>
<tr>
<td>Impairment of Investment</td>
<td>15</td>
<td>-</td>
<td>555,182</td>
<td>-</td>
</tr>
<tr>
<td>Interest Expense</td>
<td></td>
<td>67,586</td>
<td>-</td>
<td>52,941</td>
</tr>
<tr>
<td>Koha</td>
<td></td>
<td>23,807</td>
<td>20,789</td>
<td>13,316</td>
</tr>
<tr>
<td>Marae and Other Grants Given</td>
<td>9</td>
<td>306,844</td>
<td>181,844</td>
<td>314,001</td>
</tr>
<tr>
<td>Operating Lease Expenses</td>
<td></td>
<td>72,535</td>
<td>72,535</td>
<td>82,055</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td></td>
<td>1,738,520</td>
<td>1,333,324</td>
<td>1,944,770</td>
</tr>
<tr>
<td>Staff Expenses</td>
<td></td>
<td>1,891,549</td>
<td>1,559,488</td>
<td>1,877,165</td>
</tr>
<tr>
<td>Trustees' Fees</td>
<td></td>
<td>100,867</td>
<td>77,938</td>
<td>82,931</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td></td>
<td>4,783,796</td>
<td>4,012,907</td>
<td>5,561,241</td>
</tr>
</tbody>
</table>

| NET OPERATING SURPLUS | $666,707 | $831,263 | $29,120,412 | $306,884 |

The accompanying Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.
Te Runanga o Ngati Porou and Group

STATEMENT OF MOVEMENTS IN EQUITY for the year ended 30 June 2007

<table>
<thead>
<tr>
<th>NOTE</th>
<th>GROUP 2007</th>
<th>PARENT 2007</th>
<th>GROUP 2006</th>
<th>PARENT 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL OPENING EQUITY</td>
<td>37,991,075</td>
<td>6,134,501</td>
<td>7,665,663</td>
<td>5,827,617</td>
</tr>
<tr>
<td>Net Surplus for the Year</td>
<td>666,707</td>
<td>831,263</td>
<td>29,120,412</td>
<td>306,884</td>
</tr>
<tr>
<td>Revaluation of Puanga Station</td>
<td>2 -</td>
<td>- 1,205,000</td>
<td>- -</td>
<td></td>
</tr>
<tr>
<td>Total recognised revenue and expenses</td>
<td>666,707</td>
<td>831,263</td>
<td>30,325,412</td>
<td>306,884</td>
</tr>
<tr>
<td>TOTAL CLOSING EQUITY</td>
<td>$38,657,782</td>
<td>$6,965,764</td>
<td>$37,991,075</td>
<td>$6,134,501</td>
</tr>
</tbody>
</table>

REPRESENTED BY:

- Closing Retained Earnings: 35,953,924, 5,466,906, 35,287,217, 4,635,643
- Asset Revaluation Reserve: 1,487,902, 282,902, 1,487,902, 282,902

TOTAL CLOSING EQUITY: $38,657,782, $6,965,764, $37,991,075, $6,134,501
Te Runanga o Ngati Porou and Group  
**STATEMENT OF FINANCIAL POSITION** as at 30 June 2007

The accompanying Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.
Te Runanga o Ngati Porou and Group

STATEMENT OF CASH FLOWS for the year ended 30 June 2007

<table>
<thead>
<tr>
<th>NOTE</th>
<th>GROUP 2007</th>
<th>PARENT 2007</th>
<th>GROUP 2006</th>
<th>PARENT 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contract Income</td>
<td>2,998,448</td>
<td>3,055,891</td>
<td>2,803,428</td>
<td>2,772,153</td>
</tr>
<tr>
<td>Fishing Quota</td>
<td>1,534,815</td>
<td>-</td>
<td>1,279,639</td>
<td>-</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>-</td>
<td>1,650,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Farm</td>
<td>774,229</td>
<td>-</td>
<td>994,461</td>
<td>994,461</td>
</tr>
<tr>
<td>Other</td>
<td>187,653</td>
<td>228,691</td>
<td>152,967</td>
<td>152,967</td>
</tr>
<tr>
<td>Interest</td>
<td>452,032</td>
<td>77,600</td>
<td>268,588</td>
<td>73,325</td>
</tr>
<tr>
<td>TOKM Allocation (cash)</td>
<td>-</td>
<td>-</td>
<td>2,362,122</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>5,947,177</td>
<td>5,012,182</td>
<td>7,861,205</td>
<td>4,292,906</td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to suppliers and operating expenses</td>
<td>2,322,749</td>
<td>1,587,906</td>
<td>3,445,666</td>
<td>3,019,256</td>
</tr>
<tr>
<td>Payments to employees &amp; trustees</td>
<td>1,926,033</td>
<td>1,587,466</td>
<td>1,944,672</td>
<td>1,789,843</td>
</tr>
<tr>
<td>GST</td>
<td>399,775</td>
<td>(13,189)</td>
<td>(41,086)</td>
<td>(22,570)</td>
</tr>
<tr>
<td>Interest</td>
<td>67,586</td>
<td>-</td>
<td>52,941</td>
<td>52,866</td>
</tr>
<tr>
<td></td>
<td>4,716,143</td>
<td>3,162,183</td>
<td>5,402,193</td>
<td>4,839,395</td>
</tr>
<tr>
<td>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</td>
<td>16</td>
<td>1,231,034</td>
<td>1,849,999</td>
<td>2,459,012</td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Mana Principal Repayments | - | - | 5,322 | 5,322 |
| TWWONP Advance Repayments | 15,000 | 15,000 | - | - |
| Sale of Assets | 9,990 | 9,990 | 7,504 | 7,504 |
| | 24,990 | 24,990 | 12,826 | 12,826 |
| Cash was applied to: | | | |
| Purchase of Fixed Assets | 75,475 | 36,639 | 198,547 | 192,579 |
| Purchase of Quota | 3,700,000 | - | - | - |
| | 3,775,475 | 36,639 | 198,547 | 192,579 |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | (3,750,485) | (11,649) | (185,721) | (179,753) |

The accompanying Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.
### Te Runanga o Ngati Porou and Group

#### STATEMENT OF CASH FLOWS for the year ended 30 June 2007

The accompanying Statement of Accounting Policies and Notes to the Financial Statements form an integral part of these Financial Statements.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakihiroa Farms Ltd Refinancing</td>
<td>-</td>
<td>655,329</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pakihiroa Farms Ltd Loan Repayments</td>
<td>-</td>
<td>20,926</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>700,000</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>700,000</td>
<td>676,255</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Cash applied to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hire Purchase Activities</td>
<td>8,843</td>
<td>-</td>
<td>13,280</td>
<td>13,280</td>
</tr>
<tr>
<td>Loans and Advances</td>
<td>200,000</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>-</td>
<td>-</td>
<td>21,700</td>
<td>21,700</td>
</tr>
<tr>
<td></td>
<td>208,843</td>
<td>200,000</td>
<td>34,980</td>
<td>34,980</td>
</tr>
<tr>
<td><strong>NET CASH INFLOW FROM FINANCING ACTIVITIES</strong></td>
<td>491,157</td>
<td>476,255</td>
<td>165,020</td>
<td>165,020</td>
</tr>
</tbody>
</table>

| **NET (DECREASE)/INCREASE IN CASH HELD** | (2,028,294) | 2,314,605 | 2,438,311 | (561,222) |

Add: Opening balance of cash

|                             | 5,788,467 | 372,549 | 3,350,156 | 933,771 |

**CLOSING BALANCE OF CASH**

|                             | $3,760,173 | $2,687,154 | $5,788,467 | $372,549 |
Te Runanga o Ngati Porou and Group

STATEMENT OF ACCOUNTING POLICIES for the year ended 30 June 2007

1. REPORTING ENTITY
The reporting entity is Te Runanga o Ngati Porou. Financial statements presented here are for Te Runanga o Ngati Porou and the consolidated financial statements of the Group comprising Te Runanga o Ngati Porou and its subsidiaries.

2. GENERAL ACCOUNTING POLICIES
Te Runanga o Ngati Porou operates as a Maori Trust Board in accordance with the Maori Trust Boards Act 1955. The financial statements have been prepared in accordance with the requirements of the Maori Trust Boards Act 1955 and Generally Accepted Accounting Practice (GAAP). The general accounting policies recognised as appropriate for the measurement and reporting of earnings and financial position on a historical basis are followed, except for Pakihiroa Station which is included at valuation at purchase date, Puanga Station which is included at valuation at 30 June 2006 on sale to Pakihiroa Farms Ltd and livestock which are valued at fair values. The reporting currency is New Zealand dollars. Reliance is placed on the fact that Te Runanga o Ngati Porou is a going concern.

3. SPECIFIC ACCOUNTING POLICIES
The specific accounting policies used in the preparation of the financial statements are as follows:

Consolidated Financial Statements
The consolidated financial statements comprise Te Runanga o Ngati Porou (the "parent"), its subsidiaries and other controlled entities where Te Runanga o Ngati Porou meets the control tests of FRS 37: Consolidating Investments in Subsidiaries (the "group").

Consolidation of Subsidiary and Other Entities
Subsidiaries and other entities are those entities controlled by Te Runanga o Ngati Porou. The group financial statements incorporate the financial statements of the parent and its subsidiaries and other entities, which have been consolidated using the purchase method. The results of any subsidiaries that become or cease to be part of the group during the year are consolidated from the date that control commenced or until the date that control ceased.
All significant inter-entity transactions, balances and unrealised gains are eliminated on consolidation.

Revenue Recognition
Government grants are recognised as revenue when eligibility for grants has been established by the grantor agency. Fishing Quota income is recognised when cash is received or receivable for the lease of quota irrespective of the fishing season to which it relates. Interest is recognised as accrued. Other income is recognised when goods or services are provided and risks and rewards have passed.

Property, Plant and Equipment
Property, plant and equipment are recorded at cost less accumulated depreciation except Pakihiroa Station which is included at the valuation at the date of settlement. It is not the policy of Te Runanga o Ngati Porou to revalue this farm as there are restrictions to the title of the land. The land and buildings were recorded at net current values as at 30 June 1993 by an independent registered valuer, Andrew Warren and Associates. Subsequent additions to the station have been recorded at cost. Puanga Station is also recorded at independent valuation (AgFirst) at 30 June 2006 on sale to Pakihiroa Farms Ltd. It is not the policy of Te Runanga o Ngati Porou to revalue Puanga Station going forward. All assets except land and the woodlot have been depreciated. All items of property, plant and equipment are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than the recoverable amount, the item is written down. The writedown is recognised in the statement of financial performance.

Depreciation
For accounting purposes, depreciation is calculated on a diminishing value basis, which will write off the cost or revaluation of the assets evenly over their expected useful lives. The following rates have been applied:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>2.5% - 4%</td>
</tr>
<tr>
<td>Building Improvements</td>
<td>12% - 33%</td>
</tr>
<tr>
<td>Office Equipment</td>
<td></td>
</tr>
<tr>
<td>- Computer Equipment</td>
<td>33% - 40%</td>
</tr>
<tr>
<td>- Other Equipment</td>
<td>10% - 40%</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>8% - 26%</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>3% - 50%</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>3% - 40%</td>
</tr>
</tbody>
</table>

Accounts Receivable
Accounts receivable are valued at net realisable value with provision made for any accounts receivable considered uncollectable.

Investments
Investments are valued at the lower of cost or net realisable value.

Livestock
Livestock is valued at estimated market values as at 30 June 2007 by an independent registered valuer, Williams & Kettle Ltd, Ruatoria. Changes in value of existing productive livestock are recorded as a holding gain or loss and are recorded in the Statement of Financial Performance.
Fishing quota
Fish quota has been recorded at fair value on recognition. Fair value has been determined by the trustees based on the “income-earning potential” of the quota using the Discounted Cash Flow approach. Fish quota is not depreciated. Generally Accepted Accounting Practice requires an annual review of the carrying value of fish quota for impairment.

Investment in Aotearoa Fisheries Ltd (AFL) Income Shares
Investment in Aotearoa Fisheries Ltd (AFL) Shares has been recorded at fair value on recognition. Fair value has been determined by the trustees in accordance with FRS-36 (Accounting for Acquisitions Resulting in Combinations of Entities or Operations) using a Net Tangible Asset backing methodology taking into account the restrictions over the shares including lack of control, voting rights and liquidity. Generally Accepted Accounting Practice requires an annual review of the carrying value of AFL income shares for impairment.

Mana Loan Portfolio
Mana loans are stated at expected realisable value after allowance for doubtful debts.

Dividends
Dividends are recognised in the financial year in which they are authorised and approved by the Board of Directors of the subsidiary entities.

Statement of Cash Flows
The Statement of Cash Flows has been prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Taxation
Te Runanga o Ngati Porou and Group (as a Charitable Organisation) is exempt from Income Tax.

Goods and Services Tax
The financial statements have been prepared stating all income and expenditure items exclusive of GST, except accounts receivable and accounts payable which are GST inclusive.

Finance Leases
Leases under which Te Runanga o Ngati Porou and Group assume substantially all the risks and rewards of ownership are classified as finance leases and are capitalised and the respective assets are depreciated in accordance with the accounting policy. The finance charge is allocated to periods during the lease term so as to produce a constant period rate of interest on the outstanding balance of the liability for each period.

Operating Leases
Operating lease rentals are recognised evenly over the expected period of benefit to Te Runanga o Ngati Porou and Group.

Comparative Figures
Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

Prior Period Adjustment
It was identified subsequent to the printing of the 2006 accounts that an adjustment should have been made in the Group to eliminate the gain on sale of Puanga Station to Pakihioa Farms Ltd. Under FRS-37 (Consolidating Investments in Subsidiaries) all related party sales should be eliminated. This error meets the definition of a fundamental error under FRS-7 (Extraordinary Items and Fundamental Errors). Therefore the following prior period adjustment has been made:

1. Group 2006 Statement of Financial Performance – decrease revenue from gain on sale of Puanga Station by $1,205,000.
2. Group 2006 Statement of Movements in Equity – increase asset revaluation reserve by $1,205,000.

4. CHANGES IN ACCOUNTING POLICIES
There have been no changes in accounting policies. All accounting policies have been applied on bases consistent with the previous year.
### 1. FARM LIVESTOCK HOLDING GAIN

Grants/contract income from public funding agencies is comprised as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep Market Values</td>
<td>468,316</td>
<td>-</td>
<td>642,498</td>
<td>642,498</td>
</tr>
<tr>
<td>Cattle Market Values</td>
<td>546,310</td>
<td>-</td>
<td>727,120</td>
<td>727,120</td>
</tr>
<tr>
<td>Total livestock</td>
<td>$1,014,626</td>
<td>-</td>
<td>$1,369,618</td>
<td>$1,369,618</td>
</tr>
</tbody>
</table>

Total Holding Gain/(Loss) ($354,992) - $274 $274

**Holding Gain**

The farm livestock holding (loss)/gain of ($354,992) (2006: $274) represents the movement in livestock sales, purchases, natural increases and decreases and market livestock values (Pakihiroa and Puanga Stations) from one year to the next.

**Market Values**

Sheep and cattle on Pakihiroa and Puanga Stations were independently valued by Williams & Kettle Ltd (Ruatoria) consistent with previous years. These sheep and cattle were sold from the Parent to Pakihiroa Farms Ltd on 1 July 2007 at market values.

### 2. GAIN ON SALE OF PUANGA STATION TO PFL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Puanga Station land, woodlot &amp; buildings</td>
<td>-</td>
<td>-</td>
<td>1,845,000</td>
<td>1,845,000</td>
</tr>
<tr>
<td>Increase in value of Puanga Station</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$1,205,000</td>
</tr>
</tbody>
</table>

During 2006, Te Runanga o Ngati Porou sold Puanga Station to its 100% wholly owned subsidiary Pakihiroa Farms Ltd at market value for $1,845,000 which represented a $1,205,000 increase in value over its original cost price of $640,000.

### 3. NET FISHING INCOME

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross ACE Income</td>
<td>1,981,800</td>
<td>-</td>
<td>1,754,145</td>
<td>-</td>
</tr>
<tr>
<td>Less: Resource Costs</td>
<td>436,686</td>
<td>-</td>
<td>459,212</td>
<td>-</td>
</tr>
<tr>
<td>Net Fishing Income</td>
<td>$1,545,114</td>
<td>-</td>
<td>$1,294,933</td>
<td>-</td>
</tr>
</tbody>
</table>

Net Fishing Income reflects the ACE (Annual Catch Entitlement) Quota Trading Income for the year earned by Ngati Porou Fisheries Ltd and Ngati Porou Seafoods Ltd before company operating expenses.

### 4. SERVICE CONTRACTS AND GRANTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Child Youth &amp; Family Services</td>
<td>441,312</td>
<td>441,312</td>
<td>604,836</td>
<td>604,836</td>
</tr>
<tr>
<td>Housing Corporation of NZ</td>
<td>518,059</td>
<td>518,059</td>
<td>559,906</td>
<td>559,906</td>
</tr>
<tr>
<td>Ministry of Education</td>
<td>214,213</td>
<td>214,213</td>
<td>234,862</td>
<td>234,862</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>171,106</td>
<td>171,106</td>
<td>171,106</td>
<td>171,106</td>
</tr>
<tr>
<td>Ministry of Justice</td>
<td>330,324</td>
<td>330,324</td>
<td>138,634</td>
<td>138,634</td>
</tr>
<tr>
<td>Ministry of Maori Development</td>
<td>354,740</td>
<td>354,740</td>
<td>416,987</td>
<td>416,987</td>
</tr>
<tr>
<td>Ministry of Social Development</td>
<td>664,478</td>
<td>664,478</td>
<td>498,776</td>
<td>498,776</td>
</tr>
<tr>
<td>Other Contracts and grants received</td>
<td>175,726</td>
<td>175,726</td>
<td>188,667</td>
<td>188,667</td>
</tr>
<tr>
<td>Total Service Contracts and Grants</td>
<td>$2,869,958</td>
<td>$2,869,958</td>
<td>$2,813,774</td>
<td>$2,813,774</td>
</tr>
</tbody>
</table>

Te Runanga o Ngati Porou is contracted by a wide range of government and non-government entities to provide a range of services, primarily to Ngati Porou whanau living in the East Coast and Gisborne.
Te Runanga o Ngati Porou and Group  
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

5. TOKM FISHING ALLOCATION TO NGATI POROU

On 31 March 2006, Te Ohu Kai Moana Trustee Ltd (TOKM) approved Te Runanga o Ngati Porou’s Mandated Iwi Organisation (MIO) status, and an allocation of fish quota, quota shortfall cash, Aotearoa Fisheries Ltd (AFL) shares and other cash was transferred at the following values:

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2006</th>
<th>PARENT 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and interest</td>
<td>2,127,917</td>
<td>-</td>
</tr>
<tr>
<td>Quota shortfall cash</td>
<td>234,205</td>
<td>-</td>
</tr>
<tr>
<td>Fish Quota</td>
<td>11,225,319</td>
<td>-</td>
</tr>
<tr>
<td>AFL shares</td>
<td>22,515,040</td>
<td>-</td>
</tr>
<tr>
<td>Total settlement</td>
<td>$36,102,481</td>
<td>-</td>
</tr>
</tbody>
</table>

These assets were initially recognised by the Group at the following fair values:

<table>
<thead>
<tr>
<th></th>
<th>GROUP 2006</th>
<th>PARENT 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and interest</td>
<td>2,127,917</td>
<td>-</td>
</tr>
<tr>
<td>Quota shortfall cash</td>
<td>234,205</td>
<td>-</td>
</tr>
<tr>
<td>Fish Quota</td>
<td>10,181,127</td>
<td>-</td>
</tr>
<tr>
<td>AFL shares</td>
<td>16,886,280</td>
<td>-</td>
</tr>
<tr>
<td>Total TOKM allocation recognised</td>
<td>$29,429,529</td>
<td>-</td>
</tr>
</tbody>
</table>

Fishing Entity Structures

The TOKM allocation assets have been recognised in the Te Runanga o Ngati Porou financial statements reflecting Te Runanga o Ngati Porou Trustees as the Responsible Trustee for Porou Ariki Trust (established to form the functions of the MIO). Porou Ariki Trust has a 100% shareholding in Ngati Porou Seafoods Ltd (Asset Holding Company). Upon allocation:

- Porou Ariki Trust received the cash from Te Ohu Kai Moana and
- NPSL received the quota, quota shortfall cash and Aotearoa Fisheries Ltd income shares.

Recognition of Allocation as a Revenue Receipt rather than as a Capital Receipt

Consistent with New Zealand Generally Accepted Accounting Practice, the trustees of Te Runanga o Ngati Porou have determined the allocation of fishing settlement assets as a revenue receipt rather than a capital receipt. Recognition of the allocation assets as a revenue receipt is a financial reporting requirement. These financial reporting requirements do not detract from Te Runanga o Ngati Porou’s position that these allocation assets have always belonged to Ngati Porou and have been returned to the iwi.

Annual Review of Quota and Aotearoa Fisheries Ltd Shares Carrying Values

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish Quota</td>
<td>13,881,127</td>
<td>-</td>
<td>10,181,127</td>
<td>-</td>
</tr>
<tr>
<td>AFL Shares</td>
<td>16,886,280</td>
<td>-</td>
<td>16,886,280</td>
<td>-</td>
</tr>
<tr>
<td>Total Quota and AFL Shares</td>
<td>$30,767,407</td>
<td>-</td>
<td>$27,067,407</td>
<td>-</td>
</tr>
</tbody>
</table>

Generally Accepted Accounting Practice requires an annual review of the carrying values of the Quota and Aotearoa Fisheries Ltd Income Shares for impairment.

Te Runanga o Ngati Porou in conjunction with the board of NPSL (Asset Holding Company) and independent valuers undertook an initial detailed review of carrying values as at 30 June 2006 and determined that:

- Fish Quota – Using a discounted cash-flow valuation methodology and an 8% discount rate, the TOKM quota values should be written down (prior to initial recognition) by about $1 million to reflect income earning potential of the quota to Ngati Porou.
- AFL Income Shares – Using a net tangible assets valuation methodology, the AFL Income Share values assigned should be written down by about $5.6 million (or 25%) to reflect the inability to generate returns to Ngati Porou until approximately 2009/2010 and the various restrictions attached to these shares such as no voting rights and no ability to sell the income shares.

At 30 June 2007 Te Runanga o Ngati Porou in conjunction with the board of NPSL (Asset Holding Company) and Ngati Porou Fisheries Ltd (purchaser of new quota in 2007) and independent valuers undertook another detailed review of carrying values and determined that:

- Fish Quota – The quota valuation of $10.2M determined as at 30 June 2006 remained appropriate and the cost of the new quota purchased ($3.7M) represents fair value for the income earning potential of the quota to Ngati Porou and no further impairment is required.
- AFL Income Shares – The AFL Income Share valuation of $16.9M remains appropriate and no further impairment is required.
Te Runanga o Ngati Porou and Group
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

6. BAD AND DOUBTFUL DEBTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad and doubtful debts/(recovery)</td>
<td>(7,815)</td>
<td>(7,815)</td>
<td>39,271</td>
<td>39,271</td>
</tr>
</tbody>
</table>

7. DEPRECIATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>35,859</td>
<td>31,908</td>
<td>32,921</td>
<td>32,931</td>
</tr>
<tr>
<td>Taonga</td>
<td>17,405</td>
<td>17,405</td>
<td>18,321</td>
<td>18,321</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>47,176</td>
<td>25,507</td>
<td>44,173</td>
<td>44,173</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>72,315</td>
<td>68,033</td>
<td>104,565</td>
<td>99,931</td>
</tr>
<tr>
<td>Furniture &amp; Fittings</td>
<td>4,177</td>
<td>3,280</td>
<td>6,403</td>
<td>5,436</td>
</tr>
<tr>
<td>Plant &amp; Equipment</td>
<td>4,274</td>
<td>1,489</td>
<td>7,918</td>
<td>7,918</td>
</tr>
<tr>
<td>Hire Purchase Assets</td>
<td>-</td>
<td>-</td>
<td>4,613</td>
<td>4,613</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$181,206</td>
<td>$147,622</td>
<td>$218,914</td>
<td>$213,323</td>
</tr>
<tr>
<td>Assets written-off</td>
<td>-</td>
<td>-</td>
<td>29,178</td>
<td>29,178</td>
</tr>
<tr>
<td>Total Depreciation and Assets written-off</td>
<td>$181,206</td>
<td>$147,622</td>
<td>$248,092</td>
<td>$242,501</td>
</tr>
</tbody>
</table>

8. DIRECTORS’ FEES (including director consulting fees)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Directors' Fees</td>
<td>56,800</td>
<td>-</td>
<td>115,796</td>
<td>-</td>
</tr>
</tbody>
</table>

Included within total directors’ costs are payments to individual directors of:

- Ngati Porou Seafoods Group
  - W Dewes (Chairman) 10,000
  - W Burdett 8,000
  - D Moana 8,000
  - M Ngata (resigned 9 May 2006) -
  - K Pewhairangi 8,000
  - H Poutu 8,000

Total Directors’ Fees $42,000

- W Dewes (Consultancy Fees) -

Total Directors and Consulting Fees $42,000

Directors’ Fees above relate to Ngati Porou Fisheries Ltd and Ngati Porou Seafoods Ltd (Ngati Porou Seafoods Group). During 2006, the Board of Ngati Porou Fisheries Ltd and Ngati Porou Seafoods Ltd approved payment of consultancy fees to the Chairman (W Dewes) for additional services provided to the companies outside the scope of the Chairman in relation to the devolution of fisheries assets in accordance with the Maori Fisheries Act 2004. There were no consultancy fees paid during 2007.

Included within other operating expenses are other directors’ costs (i.e. travel and accommodation) of $75,621 (2006: $43,185).

- Pakihiroa Farms Ltd
  - S Parata (Chairman) 4,400
  - W Burdett 1,800
  - H Collier 2,200
  - K Dewes 2,000
  - W Mackey 2,400
  - T Pewhairangi (Deputy Chair) 2,000

Total Directors’ Fees $14,800

9. MARAE AND OTHER GRANTS GIVEN

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marae Grants</td>
<td>289,667</td>
<td>164,667</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Ngati Porou activities &amp; other grants</td>
<td>2,177</td>
<td>2,177</td>
<td>49,001</td>
<td>49,001</td>
</tr>
<tr>
<td>Ngati Porou East Coast Rugby</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Total Marae and Other Grants Given</td>
<td>$306,844</td>
<td>$181,844</td>
<td>$314,001</td>
<td>$314,001</td>
</tr>
</tbody>
</table>


10. PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold land and woodlot</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>2,407,767</td>
<td>752,767</td>
<td>2,386,148</td>
<td>732,767</td>
</tr>
<tr>
<td></td>
<td>$2,407,767</td>
<td>$752,767</td>
<td>$2,386,148</td>
<td>$732,767</td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>1,400,164</td>
<td>1,198,851</td>
<td>1,425,471</td>
<td>1,233,852</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>391,382</td>
<td>387,431</td>
<td>371,599</td>
<td>371,599</td>
</tr>
<tr>
<td></td>
<td>$1,008,782</td>
<td>$811,420</td>
<td>$1,053,872</td>
<td>$862,253</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>69,447</td>
<td>39,161</td>
<td>93,254</td>
<td>93,254</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>24,932</td>
<td>22,147</td>
<td>78,877</td>
<td>78,877</td>
</tr>
<tr>
<td></td>
<td>$44,515</td>
<td>$17,014</td>
<td>$14,377</td>
<td>$14,377</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>57,958</td>
<td>49,855</td>
<td>62,605</td>
<td>54,501</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>26,100</td>
<td>23,384</td>
<td>35,345</td>
<td>33,526</td>
</tr>
<tr>
<td></td>
<td>$31,858</td>
<td>$17,014</td>
<td>$27,260</td>
<td>$20,975</td>
</tr>
<tr>
<td>Office Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>453,024</td>
<td>425,822</td>
<td>591,668</td>
<td>571,811</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>324,651</td>
<td>310,969</td>
<td>414,564</td>
<td>405,163</td>
</tr>
<tr>
<td></td>
<td>$128,373</td>
<td>$114,853</td>
<td>$177,104</td>
<td>$166,648</td>
</tr>
<tr>
<td>Motor vehicle</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>316,509</td>
<td>251,509</td>
<td>347,304</td>
<td>347,304</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>191,267</td>
<td>169,599</td>
<td>196,843</td>
<td>196,843</td>
</tr>
<tr>
<td></td>
<td>$125,242</td>
<td>$81,910</td>
<td>$150,461</td>
<td>$150,461</td>
</tr>
<tr>
<td>Hire Purchase Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>-</td>
<td>-</td>
<td>27,724</td>
<td>27,724</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-</td>
<td>-</td>
<td>6,630</td>
<td>6,630</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>$21,094</td>
<td>$21,094</td>
</tr>
<tr>
<td>Taonga</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At Cost</td>
<td>499,026</td>
<td>499,026</td>
<td>499,026</td>
<td>499,026</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>167,770</td>
<td>167,770</td>
<td>150,371</td>
<td>150,371</td>
</tr>
<tr>
<td></td>
<td>$331,256</td>
<td>$331,256</td>
<td>$348,655</td>
<td>$348,655</td>
</tr>
<tr>
<td>Total</td>
<td>$4,077,793</td>
<td>$2,135,691</td>
<td>$4,178,971</td>
<td>$2,317,230</td>
</tr>
</tbody>
</table>

**Valuations**

The most recent rating valuations of land and buildings dated 30 September 2005 are as follows:
- Onepoto Road, Hicks Bay 249,000
- Barry Avenue, Ruatoria (TRONP) 186,000
- Hekiera Road, Ruatoria (Whare Wananga) 318,000
- 144 Waiomatatini Road, Ruatoria (Tourism Building) 35,000
- 195 Wainui Road, Gisborne (Porou Ariki) 193,000
- 199 Wainui Road, Gisborne (Hamoterangi) 146,000
- Pakihiroa Station (Title Restrictions) 5,110,000
- Puanga Station (Freehold) 1,775,000

Total $8,012,000

**Tyndall Road Property**

In October 1996, Te Runanga o Ngati Porou received title to a property in Tyndall Road, Gisborne from what was previously the Department of Land and Survey Information (DOSLI). The title was received by the runanga on behalf of Te Reo o Te Iwi Kokiri, as Te Reo o Te Iwi Kokiri was still in the process of becoming a separate legal entity. It is still undecided which entity will ultimately hold title to the property. As the runanga is only holding the property until the ultimate beneficiary is determined, it has not recognised the property in its financial statements for the year ended 30 June 2007.
Puanga Station

Puanga Station was valued by Bruce D Cowper (Registered Valuer ANZIV, SPINZ) of AgFirst Valuations Ltd on 30 June 2006. The valuation was prepared with reference to the Property Institute of New Zealand – Valuation Standard 3 (PS 3), “Valuations for Financial Statements” and the New Zealand Institute of Chartered Accountants – Financial Reporting Standard No 3 (FRS 3) “Accounting for Property, Plant and Equipment”.

11. RELATED PARTIES

Amounts outstanding between Te Runanga o Ngati Porou and related parties are:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to Te Runanga o Ngati Porou:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakihiroa Farms Ltd</td>
<td>-</td>
<td>10,111</td>
<td>-</td>
<td>1,845,000</td>
</tr>
<tr>
<td>Ngati Porou Fisheries Ltd</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,000</td>
</tr>
<tr>
<td>Ngati Porou Seafoods Ltd</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Porou Ariki Trust</td>
<td>-</td>
<td>36,170</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Related Parties Sundry Debtors</td>
<td>-</td>
<td>$49,281</td>
<td>-</td>
<td>$1,885,000</td>
</tr>
</tbody>
</table>

The Pakihiroa Farms Ltd sundry debtor was settled after 30 June 2006 as part of the transfer of assets and liabilities relating to the farming activities from Te Runanga o Ngati Porou to Pakihiroa Farms Ltd. The consideration was the issue of shares for the net market value of assets transferred.

Pakihiroa Farms Ltd
Shareholder Loan       - 34,818 -

This shareholder loan was transferred to Pakihiroa Farms Ltd upon establishment of the company on 1 July 2006. During the year, Pakihiroa Farms Ltd made principal repayments of $20,926. Interest is payable at 10 percent per annum.

12. MANA ENTERPRISE LOAN PORTFOLIO

All historical mana enterprise loans have previously been repaid or written-off by Te Runanga o Ngati Porou. Te Runanga o Ngati Porou continue to receive small repayments as part of settlement packages negotiated with those with historical loans.

13. HIRE PURCHASE AND LEASE AGREEMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Hire Purchase &amp; Lease Liabilities</td>
<td>-</td>
<td>-</td>
<td>9,720</td>
<td>26,966</td>
</tr>
<tr>
<td>Less: Finance Charges</td>
<td>-</td>
<td>-</td>
<td>877</td>
<td>1,833</td>
</tr>
<tr>
<td>Total Hire Purchase &amp; Lease Liabilities excluding Finance</td>
<td>-</td>
<td>-</td>
<td>$8,843</td>
<td>$22,133</td>
</tr>
</tbody>
</table>

Hire purchase & lease liabilities payable:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>-</td>
<td>-</td>
<td>8,843</td>
<td>8,843</td>
</tr>
<tr>
<td>Between one and two years</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
<td>$8,843</td>
<td>$8,843</td>
</tr>
</tbody>
</table>

14. TERM LOANS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakihiroa Farms Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westpac Banking Corporation</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Bank of New Zealand</td>
<td>700,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$700,000</td>
<td>-</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

On the 16th October 2006, Pakihiroa Farms Ltd refinanced the farm borrowings and overdraft facilities, repaying the Westpac Term Loan of $200,000 and refinancing its activities with the Bank of New Zealand. The Bank of New Zealand customised fixed rate term loan is fixed from 11 October 2006 to 12 October 2009 with interest only repayments. With a fixed interest rate of 8.34% this facility is secured via a registered mortgage over Puanga Station (Goodwin Road, Gisborne).
15. INVESTMENT IN SUBSIDIARIES

<table>
<thead>
<tr>
<th>SUBSIDIARIES</th>
<th>OWNERSHIP</th>
<th>BALANCE DATE</th>
<th>PRINCIPAL</th>
<th>ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakihiroa Farms Ltd</td>
<td>100%</td>
<td>30 June 2007</td>
<td>$2,493,658</td>
<td>Farming management</td>
</tr>
<tr>
<td>Ngati Porou Fisheries Ltd</td>
<td>100%</td>
<td>30 June 2007</td>
<td>$555,182</td>
<td>Fish Quota management</td>
</tr>
</tbody>
</table>

Pakihiroa Farms Ltd purchased the net farming assets (excluding Pakihiroa Station land and buildings) from Te Runanga o Ngati Porou on 1 July 2006 at total market value of $2,493,658 with consideration paid to Te Runanga o Ngati Porou being shares for an equivalent value in Pakihiroa Farms Ltd. Pakihiroa Farms Ltd’s function is to manage the farming operations of Te Runanga o Ngati Porou as a separate commercial entity with an objective of providing dividends to the Shareholder looking forward.

16. NET CASH FLOW FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit Per Financial Statements</td>
<td>666,707</td>
<td>831,263</td>
<td>30,325,412</td>
<td>306,885</td>
</tr>
</tbody>
</table>

Non Cash Items:

- Gain on sale of Puanga Station |
- (1,205,000) |
- (1,205,000) |
- TOKM Allocation (non-cash) |
- (27,067,407) |
- (27,067,407) |
- Depreciation |
- 181,206 |
- 147,622 |
- 248,092 |
- 242,491 |
- Net Gain on sale of assets |
- (6,728) |
- (6,728) |
- Net Bad and Doubtful Debts |
- (7,815) |
- (7,815) |
- 39,271 |
- 39,271 |
- Impairment in Investment |
- - |
- 555,182 |
- - |
- Holding Gain/Loss |
- 354,992 |
- - |
- (274) |
- (274) |
- Other Non-Cash Items |
- - |
- 66,872 |
- - |

Total Non-Cash Items |
1,188,362 |
1,586,396 |
2,340,094 |
(616,627) |

Add Movements in Working Capital:

- Decrease in Debtors and Prepayments |
- 106,195 |
- 143,784 |
- 167,201 |
- 163,110 |
- (Decrease)/Increase in Creditors |
- (63,523) |
- 119,819 |
- (48,283) |
- (92,972) |
- 42,672 |
- 263,603 |
- 118,918 |
- 70,138 |

Net Cash Inflow /(Outflow) |
$1,231,034 |
$1,849,999 |
$2,459,012 |
$(546,489) |
17. FINANCIAL INSTRUMENTS

The runanga is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, investments, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. All financial instruments are shown at their estimated fair value.

Credit Risk

Financial instruments which potentially subject the runanga to credit risk principally include cash, short term deposits and accounts receivable. Credit risk with respect to cash and short term deposits is reduced by investing in a registered bank. While accounts receivable are unsecured, the majority of the debtors are with government organisations.

18. RADIO NGATI POROU

The runanga owns two radio licences (frequencies), AM 585 & FM 98.1. Radio Ngati Porou (RNP) is currently in operation as a stand-alone entity, separate from the day-to-day financial control of the runanga. During the 1993/94 year, NZ On Air transferred the assets it purchased for RNP’s purposes to the runanga. As the runanga receives no financial benefit from these frequencies, the assets have been included in the books at no value.

19. CONTINGENT LIABILITIES

Te Runanga o Ngati Porou is not aware of any contingent liabilities as at 30 June 2007 (2006: Nil)

20. COMMITMENTS

Major Regional Investment: Tairawhiti Land Development Trust

Te Runanga o Ngati Porou is a contributor to the Tairawhiti Development Task Force investment in the major regional initiative undertaken by NZ Trade and Enterprise and has committed $150,000 to this venture. The commitment comprises $50,000 per annum for three years from 2005.

There was no capital commitment in this financial year (2006: Nil).

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>84,180</td>
<td>55,954</td>
<td>84,270</td>
<td>78,150</td>
</tr>
<tr>
<td>Between one and two years</td>
<td>71,816</td>
<td>36,406</td>
<td>45,124</td>
<td>36,028</td>
</tr>
<tr>
<td>Two years and over</td>
<td>59,128</td>
<td>23,718</td>
<td>31,925</td>
<td>22,829</td>
</tr>
<tr>
<td>Total</td>
<td>215,124</td>
<td>116,078</td>
<td>161,319</td>
<td>137,007</td>
</tr>
</tbody>
</table>

21. SUBSEQUENT EVENTS

Real Fresh Ltd

A new subsidiary (Real Fresh Ltd) was incorporated on 1 August 2007 and is a wholly owned subsidiary of Ngati Porou Fisheries Ltd. The primary purpose of Real Fresh Ltd is to operate a retail/wholesale outlet in Gisborne.

Direct Negotiations of Historical Ngati Porou Treaty Claims

In September 2007, Te Runanga o Ngati Porou announced plans that the runanga, as the existing entity established to represent the interests of Ngati Porou, be mandated to enter into direct negotiations with the Crown for the comprehensive settlement of all historical Treaty of Waitangi claims of Ngati Porou through the proposed hapu subcommittee structure.

Following a series of consultation hui, a postal vote is planned with the final results of the postal ballot declared on Wednesday, 5 December 2007.

There have been no other subsequent events.
AUDIT REPORT

TO THE READERS OF TE RUNANGA O NGATI POROU AND GROUPS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Te Runanga o Ngati Porou (the Trust Board). The Auditor-General has appointed me, Bruce Taylor, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Trust Board, on his behalf, for the year ended 30 June 2007.

Unqualified Opinion
In our opinion the financial statements of the Trust Board on pages 47 to 60:
- comply with Generally Accepted Accounting Practice in New Zealand; and
- fairly reflect:
  - the Trust Board’s financial position as at 30 June 2007; and
  - the results of its operations and cash flows for the year ended on that date.
The audit was completed on 18 October 2007, and is the date at which our opinion is expressed. The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and the Auditor, and explain our independence.

Basis of Opinion
We carried out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the New Zealand Auditing Standards.
We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error. Material misstatements are differences or omissions of amounts and disclosures that would affect a reader’s overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.
The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.
Audit procedures generally include:
- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.
We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Trustees and the Auditor
The Board of Trustees is responsible for preparing financial statements that show the financial position of the Trust Board as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The Board of Trustee’s responsibilities arise from the Maori Trust Boards Act 1955.
We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 31(2) of the Maori Trust Boards Act 1955.

Independence
When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.
Other than the audit, we have no relationship with or interests in the Trust Board.

Bruce Taylor
Deloitte
On behalf of the Auditor-General, Hamilton, New Zealand
STAFF DIRECTORY 1 JULY 2006 - 30 JUNE 2007

KAHAUTU

Amohare Houkamau

SENIOR MANAGERS
Kaiwhakahaere Matauranga  Lilian Tangere-Baldwin
Kaiwhakahaere Oranga Whanau  Anne Huriahi
Corporate Services Manager  Herman Koenders, resigned December 2006

CORPORATE SERVICES
Finance and Asset Manager  Lesley Lousich
Executive Assistant to the CEO  Anne Manuel
Personal Assistant to the Chairman  Albertha McFarlane
Senior Finance Officer  Jolene Rankin
Finance Officer/Human Resources  Marcia Gerrard
Receptionist Ruatoria  Hiria Shaw
Receptionist Porou Arkii  Heni Tibble
Receptionist Tuhono Whanau  Aperahama Malloy
Cleaner Ruatoria  Philipa Tako
Cleaner Gisborne  Aaron Horsfield, Katrina Bilich

MATAURANGA
ETER Manager  Karen Pewhairangi
Education Support Officer  Leanne Manuel
Policy & Planning  Hiria Raig, transferred from Whanau Hapu Development, April 2007
Database Administrator  Te Rangiawhio (Kotiro) Korau

ECONOMIC DEVELOPMENT
Tourism Coordinator  Paora Brooking

WHANAU HAPU DEVELOPMENT
Whanau Services Manager  Bonnie Stainton, resigned March 2007
Iwi Social Services/Contract Manager  Maud Johnson
Whanau Hapu Administrator  Josie Tangere
Kaihautu Family Start/Tuhono Whanau  Jane Kopua
Kaiwhina Family Start/Tuhono Whanau  Juliet Lardelli, Katarina Mill, Shona Samuels, Ngawiki Te Kani, Barbara Ryland

Counsellor  Hurhia Reedy
Budget Adviser Gisborne  Christine Morrison
Budget Adviser Ruatoria  Frances Grant
Whanau Support  Riria Fox
Te Whae Atawhai /Truancy - Kaiti  Charlotte Collier
Te Whae Atawhai /Truancy - Tolaga Bay  Mary Anne Crawford
Te Whae Atawhai /Truancy - Ruatoria  Ruia Morice
Te Whae Atawhai /Truancy - Te Araroa  Cathy Stainton
Supervisor/Iwi Crime Prevention  Pego Hubert-Berry
Community Injury Prevention Kaiwhina  Leone Roberts, Monty Manuel
Nutrition Kaiwhina/PATF Coordinator  Matekino Tuhura
Housing Coordinator - Ruatoria  Heather Wanoa
Housing Coordinator - Ruatoria  Dori Kelke, resigned January 2007
Housing Coordinator - Gisborne  Robyn Smith, Besie Hauiti
REGISTRATION FORM

The collection, storage and use of this information are subject to the Privacy Act 1993 and the runanga is required by the Maori Trust Boards Act to maintain a roll of Ngati Porou beneficiaries. The marae affiliation information only can be made available to marae for the purpose of establishing and or maintaining marae whanau databases, with your consent. (please circle) YES NO

SECTION ONE: PERSONAL INFORMATION

MR MRS MISS MS MASTER

SURNAME .................................................................................................... MAIDEN NAME ...................................................................................................

FIRST NAME/S ..........................................................................................................

POSTAL ADDRESS ..........................................................................................................

STREET ADDRESS (if different to postal address) ............................................................

Phone ( ) .........................................................................................

Cellphone ( ) ....................................................................................

Fax ( ) ..........................................................................................

E:Mail ................................................................................................

Date of Birth / /

SECTION TWO: ROHE

I wish to affiliate in rohe (Please circle one only) 1 POTIKIRUA ki WAIAPU 2 WAIAPU ki TAWHITI 3 TAWHITI ki ROTOTAHE 4 ROTOTAHI ki TE TOKA a TAIAU

SECTION THREE: NGA MARAE O NGATI POROU

My marae affiliations are (please circle as many as you affiliate to)

ROHE 1 Potikirua ki Waiapu
Potaha
Hinemaurea (Wharekahika)
Punuruku
Tutua
Hinerupe
Matahi o Te Tau
Awateere
Hurse
Kaiwaka
Putaenga
Rahui
Taumata o Tapuhi
Hinepare
Ohinewaiapu
Kaei
Tinotoka

ROHE II Waiapu ki Tawhiti
Takapa
Te Horo
Waiomatanini
Kakariki
Reporua
Umuaiki
Ruataupare
Mangahanae
Uepohatu
Rauru (Taumata o Mbi)
Ngati Porou (Korika)
Mangarua (Te Heapera)
Wahereonga
Te Aowera
Hiruharama
Rongo i le Kai (Penu)
Rongahaere
Te Kiriki
Taharora
Iritekura

ROHE III (Tawhiti ki Rototahe)
Te Ariru
Waiparapara
Pakirikiri
Tuatinini
Hinetamatea
Okuri
Hinemaurea (Mangatuna)
Puketawai
Te Rawhemo
Haauti

ROHE IV (Rototahe ki Te Toka a Tiau)
Whangara
Te Poho o Rawiri

COROMANDEL- KENNEDY'S BAY
Rakairea ki Harataunga

I .............................................................................................................. declare that the information given in this registration form is true and correct and I am of Ngati Porou descent.

Signature ........................................................................ Date ..........................

Please return registration forms to: Te Runanga o Ngati Porou, P O Box 394, Gisborne or P O Box 226, Ruatoria.

OR register on line at www.ngatiporou.iwi.nz

FOR TRONP OFFICE USE ONLY

Date Received: ........................................

Date Entered: ...........................................

Registration No: .....................................

Entered by: ...............................................

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TE RUNANGA O NGATI POROU ANNUAL REPORT 2007

BOARD OF TRUSTEES

ROHE ONE
Dr Apirana Mahuika  Dr Koro Dewes  Patrick Tangaere  Bailey Mackey  April Papuni

ROHE TWO
Selwyn Parata  Amster Reedy  Taina Ngarimu  Tui Takarangi  Bill Burdett

ROHE THREE
Tate Pewhairangi  Nolan Raihania  Henare Boydie Kirikiri  Maria Whitehead  Rawiri Tuhiwai-Ruru

ROHE FOUR
Peace Te Kani  Dr Fiona Te Momo  Jean Weke  Bill Irwin  William H Gordon Aston
POROPOROAKI
ki te hunga kei te po

Tangihia o tatou mate
Kei te kainga, kei te whenua hoki
No reira koutou kei te huanga o te kahurangi ka oti atu ai
Moe marie.

Regan Poi
Te Whanau a Hinerupe
Te Kaitiaki o Hikurangi Maunga
Pakihiroa Farm Manager
Ka tangi mai te whaititiri ki runga o Hikurangi
ka apu nga roimata ki roto i to awa a Waiapu
e maioha ana te tangi a to kainga a te Pakihiroa
ki a koe Regan te uri o nga Poi, kua mawehe atu ki ou matua
tipuna kei te po.
No reira e te Tama i tu i te Aro a Kapa, e te kaitiaki o te Maunga, e te
tangata ahu whenua, e te puku mahi, e te tohunga haere hoio, e te tama ngakau mahaki
takahia te ara e kore e hokia, kare ano kia puawai kua katohia e te ringa kaha o aitua.
E kore koe e wareware ka tu tonu o werawera hei whakamaharatanga mo, mo to iwi hoki.
Kua huri te kei o te waka o tetahi o nga tama pumau a Ngati Porou.
Moe mai ra e te hoa ki te taha o to tuakana a Scarlet.

Gina Rudland
Te Whanau a Te Aotaihi
Lead Counsel – Wai 262 Treaty Claim
Moe mai e te tamahine e te tuahine i te Urupa o o matua tipuna.
Haere i runga i te ara kua papatau e te hunga kua haere i mua atu i a koe.
Ka mihi to iwi ki a koe te “te wahine pakari”, mohou i whakapau to kaha ki te
arahi i a Ngati Porou i te araroa o te Taraipiu o Waitangi
Ko wai ka hua, ko wai ka tohu?
Heoi ano, ma nga whakatipuranga o muri mai e kite i nga hua o o mahi.
Ko te whakapumau i te mana motuhake o Ngati Porou i roto i tona Mana Atua, Mana Tangata, Mana Whenua.