



PORT NICHOLSON BLOCK
SETTLEMENT TRUST

Annual Report

Year Ended March 31, 2012



Moemoea

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

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

Key goals of the Trust are to:

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

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Port Nicholson Block Settlement Trust will be held on **Saturday, September 8, 2012.**

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

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

Preliminary Agenda

1. Apologies (to be given at registration desk)
2. Minutes of Previous AGM (2011)
3. Chairman and Trustees' Report
4. Financial Report
5. Appointment of Auditor
6. Trustee Remuneration
7. Presentation of Annual Plan
8. General Business

Trustees
July 2012

Minutes of 2011 Annual General Meeting

Saturday, September 10, 2011
Pipitea Marae, Thorndon Quay, Wellington,
10am

Trustees Present

Sir Ngatata Love (Chairman), Neville Baker, June Jackson, Dr Catherine Love, Peter Love, Liz Mellish, Hon Mahara Okeroa, Teri Puketapu, Mark Te One

Trustee Apologies

Hokiperu Ruakere

Advisers Present

Bruce Farquhar, Sam Jackson, Nigel Moody, Euan Playle, Aroha Thorpe

Support Staff Present

Tracey Betham, Neavin Broughton, Will Goldsmith, Edie Monardez, Ben Ngaia

Present

Kaye Adamson, Montgomery Ahie, Georgina Beyer, Josie Bigham, Rae Bolton, Dr Leo Buchanan, Marama Cock, Melvyn Cock, Shona Coffey, Thomas Curly, J K R Enoka, Judy Erb, Stewart Erb, Allan Erskine, Poiria Erskine, Judith Evans, Philippa Fairclough, Malcolm Gaylard, Robert Gaylard, Wiki Gear, Martha Gilbert, Nardine Gourlay, David Graham, Rini Graham, R Healey, Te Aroha Hohaia, Mana Huntley, Reena Huntley, Karaka Isaacs, Mana Jenkins, Paul Jenkins, Uria Jenkins, Helen Johnson, Kevin Jones, Ripeka Jones, Ellen Kerr, Brian King, Dione King, Ngawai King, Joy Kirk, Huia Kirk, Grant Knuckey, Honiana Love, Karina Love, Maria Love, Matene Love, Morrie Love, Wikitoria Love, John Lynch, Siobhan Lynch, Patricia Maaka, Gene MacDonald, Tarina MacDonald, Fiona Mako, Koha Mako, Miria Mako, James Makowharemahihi, Ngaere Makowharemahihi, Raymond Marshall, Marina Mason, Dawn McConnell, Glenn McConnell, Helen McConnell, Alamaine McGregor, Tuhi McGregor, Lois McNaught, Rose McNaught, Chris Mischeski, Yvonne Mitchell, Kamiria Mullen, Wayne Mulligan, Bill Nathan, Donas Nathan, Marie Nui Biss, Mike O'Connor, Pauline Owen, William Owen, Ani Parata, Sam Parata, Katrina Peter, Maara Peters, Wayne Peters, Toa Pomare, Huia Puketapu, Joe Puketapu, Tiwha Puketapu, Vaughan Puketapu, Eugene Ratana, Ruhina Rangi, Ngaku Rangitonga, Tommy Rangitonga, Ina Rangiwetu, Mereana Ratana, Kathleen Redward, Mataria Rei, Queenie Rikihana, Ngaire Robinson, Leigh Ross, Warren Skerrett, Anne Somerville, Megan Somerville, Teremoana Sparks, Louise Stuff, Taunu Taepa, Waikaramu Takiwa, Bronwyn Talivai-Johnson, George Tamarapa, Pirihihi Te Paki, Christina Thomas, Riria Utiku, Adrian Wagner, Joan Warren, John Warren, Alex Watson, Thomas Whareaitu, Beverley Williams, Catherine Williams, Aroha Woller

Member Apologies

Sandra Bishop, Piki Carroll, Richard Carroll, Sally Fenwick, Linda Finlayson, Kevan Gooch, Vaughan Gooch, Eleanor Gurnick, Vicki Hollywell, Michael Jenkins, Ngaire Jenkins, Karen Ramsbottom, Kereana Leith, Morrie Love (part of meeting), Wayne Luxton, Julia Marino, Teremoana McBride, Terese McLeod, Heather McPhee, Ira Ngaia, Ariana Puketapu, Aroha Puketapu, Ihaia Puketapu, Marama Puketapu, Matariki Puketapu, Raniera Puketapu, Waimarie Puketapu, Anahera Puketapu-Dahm, Alice Riwaka, Shamia Shariff, Erini Shepherd, Kim Skelton, Mereana Smith-Te Paki, Ngaire Stewart, Kiri Street, Laura Taepa, Maria Tangiora, Lester Te Paki, Telesia Te Paki, Alice Te Punga-Somerville, Florence Trotter, Tracey Wairau, Rewa Walker, Jocelyn Wright

Sam Jackson opened the meeting at 10.10am with mihi and karakia. This was followed by waiata (E Nga Iwi o Te Motu)

The Chairman, Sir Ngatata Love in welcoming members to the meeting gave a brief introduction on how the presentation would work technically. He then proceeded to deliver the presentation as it had been prepared.

Sir Ngatata Love acknowledged the passing of Ta Paora Reeves and the huge contribution he had made to this Trust and all other communities with which he was associated. His contribution to the settlement process will forever be aligned with the Statement of Forgiveness which was given when the Crown apologised to Taranaki Whanui for their actions. He stood for many social issues across the spectrum of New Zealand society and will be remembered for that. A moments silence was observed to reflect on the life of Ta Paora and others who have passed on.

The Chairman reminded members that this is the beginning of a long journey and is not about today but is about the future and generations to come. Trustees will speak to the financial performance for the year ended March 31, 2011, activities from April 1 and the plan looking forward. He asked that any apologies be lodged at the registration desk and advised that lunch is timed for 1pm but is dependent on the business of the meeting.

The Chairman then briefly introduced the Trustees, advisers and support staff.

Minutes of previous Annual General Meeting

The Minutes of the Annual General Meeting held on Saturday, August 28, 2010 had been distributed in the Annual Report. The Trustees have reviewed these and aside from typographical corrections, recommend that these be accepted as a correct record of proceedings.

Resolution

It is hereby resolved that the members of the Trust accept the Minutes of the Annual General Meeting held on August 28, 2010 as a correct record of proceedings.

Moved Mana Jenkins

Seconded Martha Gilbert

Carried unanimously

Report of Trustees

The Chairman then reminded members of the area covered by the Trust, the Trust Vision and four key goals. He reiterated that the settlement and the work of the Trust is about the future. He gave a brief commentary of the international economic challenges that exist and the impacts those may have.

He went on to say that the Trust has been focused on maintaining robust, transparent and secure processes to achieve the goals with attention to processes and policies to safeguard and optimise opportunities going forward, minimising risks, maximising opportunities and ensuring deadlines are met, maintaining positive relationships with key stakeholders, building cultural identity, maintaining mana whenua and pursuing the Whole of Government provision. While doing this the Trustees need to balance short and medium term needs with the long-term strategy.

Settlement package

Sir Ngatata then reminded members of the components of the settlement package which covered aspects such as financial, cultural, assets, relationships, commercial opportunities and Whole of Government. He again reiterated that the package was forward looking with commercial options which gave the Trust opportunities for 100 years together with the Whole of Government provision which provides for an annual meeting with Ministers.

Cultural – fee simple title (ownership)

Pipitea Marae

Hon Mahara Okeroa spoke to this matter advising members that the Pipitea Marae Charitable Trust is now responsible for the marae with the Trust appointed representatives being Hon Mahara Okeroa, Neville Baker and Aroha Thorpe. The marae has undergone some significant maintenance work and it is now widely used by all sectors of the community. Renegotiation of the Wilson carparking lease has been completed with a significant uplift in rental being achieved and more favourable terms and conditions. The Marae held its AGM in July and it is pleasing that only \$38,000 of the Crown ex-gratia payment of \$1,738,000 has expended with all other work undertaken from cash flow.

Neville Baker spoke briefly on the matter of tikanga which needs to be addressed between Taranaki Whanui and Ngati Poneke Maori Association. It must be got right and only time will achieve that. Taranaki Whanui have a responsibility to ensure that the tikanga of Taranaki Whanui is respected.

Harbour Islands

Mark Te One spoke to the Harbour Islands item advising

that he chairs the board, with Liz Mellish and Mahara Okeroa appointed by the Trust together with three appointees by the Minister of Conservation. The return of the islands has been important to Taranaki Whanui. There is a lot of activity including the development of a management plan which is currently underway. Input is sought from the Trust members and to this end an information pamphlet and questionnaire are available at the meeting. In addition some hui are being held later in the month and members are welcome to attend and participate in those hui. Work is being undertaken with groups such as EECA. Investigation of transfer of bird colonies to the island is also underway.

Parangarahu Lakes

Liz Mellish spoke to the prepared slides. She told members that a co-management arrangement is being negotiated with the Greater Wellington Regional Council. This has been challenging but the Trust is persisting. Great news for the Trust is that Lake Kohangatera has been rated in the top 10 of all lakes in New Zealand however there is an invasion of two weeds which is being addressed. There are continuing issues with the duck shooters and the Trust will continue to seek a resolution to restrict this activity. An exciting opportunity exists to re-establish the eel fishery to the lake system and the Trust will work with the Fisheries Trust to restore and sustain the fishery into the future.

Reserves

The Trust has a very positive co-management arrangement with Wellington City Council in respect of the Orua-iti (Point Dorset) Reserve. Being the recipient of the Charles Plimmer Bequest of \$400,000 means that a reserve management plan can be developed and improvements can be made to the reserve including the placement of two pouwhenua on original tauranga waka sites.

The Trust is working with Hutt City Council on the development of a co-management arrangement in respect of the Honiana Te Puni Reserve (Korokoro Gateway) and is looking to the future use of the reserve. It is a “local purpose” reserve which gives some flexibility as to what can happen with it.

The Trust is yet to discuss a co-management arrangement with Upper Hutt City Council in respect of the Wi Tako Ngatata Reserve, but this is on the agenda for discussion in the near future.

Thorndon properties

Sir Ngatata Love advised that 1-3 Thorndon Quay is a good commercial performer for the Trust, fully tenanted with rents set at market rates. The property at 81-87 Thorndon Quay is tenanted with rent covering outgoings, however this property is seen as a potential development site.

Wainuiomata former school sites

As reported previously these properties had been allowed to deteriorate into a state of disrepair by the Crown and the tenant prior to transferring to the Trust. Trustees are determined to make progress in respect of this site and therefore have established a limited liability company

(Lowry Bay Section One Limited) to give impetus to possible initiatives for the site which would see the site become self-sustaining. The company name provides a historical link to the site. Directors of the company (Liz Mellish, Peter Love and Keith Hindle) are currently working on a concept plan of possibilities and it is hoped this could be presented to Trustees in the near future. The company is working through financial matters with the Pukeatua Kohanga Reo which operates on the site. A community open day was held in July with a good turnout from members of the community attending together with representatives of Hutt City Council, Wainuiomata Community Board, sports groups, etc.

Waiwhetu former school site

This property had also been left to deteriorate by the Crown. Some short term tenancies are currently in place. However possible development opportunities for the site are under discussion and at this stage they include social housing, retirement village, community gardens, etc. All options will be considered.

Investment properties

Sir Ngatata Love noted at this stage that there has been a decrease in value on all Trust properties but is in line with and reflects the general market trends for Wellington. Total investment properties for 2011 are \$21,632,503 and include all the properties just reported on together with the Shelly Bay properties.

Deferred Selection purchase

Sir Ngatata Love reminded members that the Trustees had been required to make decisions in respect of the properties (17 properties) within the deferred selection purchase portfolio by September 2, 2011. A prescribed process is set down which includes appointing valuers, receiving disclosure information from the Crown such as, leases, encumbrances, engineering reports, earthquake reports, etc. When the value is determined Trustees are then able to elect to purchase, or not. Other information Trustees take into consideration are pros and cons, current value, potential value, potential development and whether there is any cultural aspect to the property. In all but one instance the process has been initiated with full consideration being given. The one property not considered was the former Woodhatton Primary School in Wainuiomata. The process has been completed for some properties and Trustees have made their decisions. These are:

Former Petone Fire Station

This property was purchased by the Trust for \$745,000 with the intent of a long-term hold providing a suitable tenancy could be secured. When this was not achieved the decision was made by Trustees to sell the property at a profit of \$355,000, which was a very good outcome in the current property environment.

11 Ventnor Street, Seatoun

The valuation was determined at \$1,075,000 for this vacant section of land which was considered over market and while Trustees attempted to secure a back to back deal to on-sell the property this could not be achieved in the set timeline.

13 Parliament Street, Thorndon

This steep parcel of land while being in a good location does not hold any development opportunities without significant infrastructure costs. Attempts were made to secure a back to back on sell arrangement but this could not be achieved in the set timeline

116 Naenae Road, Naenae

A valuation of \$600,000 was determined for this property which has a large character residence on it. The house requires quite significant upgrade and maintenance work. The property is currently tenanted however the rental did not support this purchase as a commercially viable proposition.

Kaumatua flats at 12 Wellington Road, Wainuiomata and 136 Whites Line East, Waiwhetu; 9 Central Terrace, Kelburn; part Korokoro School

The process has been initiated in each case with valuers having been appointed for each property. The valuations have not yet been received.

Teri Puketapu spoke briefly to the kaumatua flat property in Wainuiomata noting that these were constructed in the 1980s as a trial and are not of a good quality.

Wellington Railway Station and Social Hall

Again Trustees have initiated the process to investigate the possible purchase of Wellington Railway Station and the Social Hall (where the Trust office is located). There are very good rent streams attached to this property. The due diligence process will need to be thorough in respect of this significant property particularly around earthquake strengthening, insurance, maintenance, contamination, etc.

An agreement has been reached with Kiwirail in respect of negotiating the ability for the Trust to obtain the air rights above the platforms at the station. The Trust is talking to others who have an interest in the property such as Greater Wellington Regional Council who are responsible for the trains and regional rail network.

Former Petone College site

The process has also been initiated for this site, the valuer has been appointed and we now await the valuation determination (expected in early 2012).

Sale and Leaseback mechanism

The Trust has the option of purchasing the land only of certain Crown properties throughout Wellington. A maximum value of \$110 million is applied to this mechanism. When considering whether to purchase the land only, the Trust must lease the improvements back to the existing tenant on terms and conditions that have already been agreed. The Crown will continue to own the improvements. This mechanism has a timeframe of 10 years from settlement so will expire in 2019. Given the current property market, it is a good time to consider buying these properties and the Trust may look at joint venture partners to assist with funding a purchase.

Right of First Refusal

This mechanism is in place for 100 years from the date of settlement and provides the opportunity for the Trust to

have a right of first refusal on a portfolio of Crown owned properties. It means that if any of the properties in the portfolio become surplus to Crown requirements it must be offered to the Trust. There are approximately 2000 properties including properties currently owned by Te Papa, Victoria University, Ministry of Education, Department of Conservation, LINZ, Ministry of Justice, Police, Defence Force, NZ Post, Transpower, Capital Coast District Health Board, NIWA and a significant number of Housing New Zealand properties.

Shelly Bay

Short term there are good tenancy levels in the available space at Shelly Bay with tenants paying market rates. The rental stream is now sufficient to cover the costs of holding the property and repairs and maintenance matters are addressed as required. No unnecessary investment is made.

Long term strategic development opportunities are being investigated by the Trust together with a potential joint venture partner and Wellington City Council. The potential joint venture partner is a Wellington based company with a very good reputation, particularly around waterfront development. Concept plans are being prepared for a development which would provide a commercial return to the Trust and enhance the entire Shelly Bay area.

The Trust has the first right of refusal over the land owned by the Defence Force and Department of Corrections on the Miramar Peninsula (79 hectares). There is a formal disposal process that needs to be adhered to for these agencies to dispose of the properties including offering them back to the original owners at market values first, then other Crown agencies again at market values. The Department of Conservation are keen to obtain the land, but it is believed that they themselves do not have the financial resources to make the purchase.

The Lodge at Shelly Bay

The Lodge is being well used by corporate and government entities for conference, meetings, etc. It is also becoming a popular venue for weddings. The provision of onsite accommodation remains a possibility.

Relationships with local territorial authorities

This is a major area of work for the Trust. Liz Mellish spoke to this slide and advised members that the Trust works very closely with the local body organisations with a regularly scheduled meeting set down for interaction on Trust policies, Council policies, cultural support and advice to Council, ensuring Council recognise mana whenua status of Taranaki Whanui and also ensuring that statutory requirements of settlement legislation is upheld. Memorandum of Understanding and service level contracts are in place with Wellington City Council and Hutt City Council. Discussions are underway with Greater Wellington Regional Council and Upper Hutt City Council.

Whole of Government

This is the unique and important part of the settlement

package. It provides for an annual meeting with Ministers of the Crown. A Trust-Crown Accord was signed earlier in the year which included commitments from seven Crown agencies. Tangible outcomes achieved to date include the establishment of a central government role to coordinate with the Trust, secondment from Work and Income to maintain strategic social alliances, funding from Ministry of Social Development for a rangatahi coordinator, funding to complete the Taranaki Whanui Tertiary Education Strategy.

Kaumatua hui

Regular hui are now being held with kaumatua from around the Wellington area. These have proven to be successful with kaumatua from Taranaki now asking if they can come down to attend. The hui are held at Hikoikoi and are jointly conducted by the Trust and Wellington Tenth Trust. The hui can be used to bring agencies/people in to give advice, assistance and access to support through existing services. A Freephone number has been established and a specific email address set up for kaumatua to be able to maintain contact. A fridge magnet is being produced which will have these contact details on it for distribution to kaumatua.

Education and Training

The Education Working Group has been working hard on a comprehensive plan that should be available in a matter of weeks for consideration by Trustees. In addition discussions have taken place with several educational institutions over offerings for the 2012 year.

In 2012 the Trust may be offering in conjunction with Te Wananga o Aotearoa:

- * Certificate in Te Ara Reo at level 2 and level 4 based at the Trust office
- * Certificate in Waka Ama based at Hikoikoi and in Wellington
- * Certificate in Maori Performing Arts based at Hikoikoi and/or Wellington and
- * Certificate in Small Business

Discussions have been held with the Ministry of Education and it is looking likely that the Ministry will fund the development of material for Taranaki Whanui members on history, culture and identity.

The Trust is working with the Correspondence School to develop initiatives for youth aged 14-24 years.

Rights

Several others mechanisms are in place where the Trust exercises rights. These can be summarised as:

- * Protocols with the Department of Conservation, Ministry of Fisheries and Ministry for Culture and Heritage which give certain rights to Taranaki Whanui with these agencies
- * Statutory acknowledgements and deeds of recognition which provides that local territorial authorities are required to liaise with the Trust on matters within the vicinity of specific sites
- * Some place name changes which have already been

undertaken and the ability to work with local territorial authorities on others

- * The right to engage with Centreport and Wellington International Airport which will be undertaken in the coming year

The floor was then opened for questions/comments from members

Morrie Love spoke briefly on the process of developing the management plan for the Harbour Islands Kaitiaki Board and the consultation timeline that has been agreed. An information pamphlet and questionnaire are available today for members to collect. It is important that Taranaki Whanui participate in the process. Hui have been arranged for later in September and members are encouraged to attend these hui.

Morrie Love then briefly spoke in respect of the Crown offer to Ngati Toa and in particular the inclusion of Tapu Te Ranga Island. The stories around Rangihaeata's attendance at the battle are not factual. Taranaki Whanui need to assert our mana whenua – it is insulting that the Crown are allowed to act in this manner.

Sir Ngatata Love advised that we will address the Crown offer to Ngati Toa later in the meeting.

Tiwha Puketapu asked how Pipitea Marae is undertaking a maintenance programme and whether support is being received from the Trust.

Mahara Okeroa responded that the significant works have been achieved from cash flow with a small amount required from the ex-gratia amount paid to the Pipitea Marae Charitable Trust by the Crown on settlement.

Tiwha Puketapu also asked what the relationship between the Harbour Islands Kaitiaki Board and the Trust is.

Sir Ngatata Love advised that the Trust appoints three representatives and the Minister of Conservation appoints three representatives.

Tiwha Puketapu said that the lakes are stunning and enquired as to how access is gained to the Lakes area and whether camping is permitted.

Liz Mellish advised that vehicle access is controlled by a locked gate under control of Hutt City Council. Vehicle access is controlled to preserve the area and has been complicated by the Baring Head purchase by Greater Wellington Regional Council, Hutt City Council and a community group. The Trust does hold a key to the gate. The vision is to establish the area as a mainland wetland, for all community members.

Rei Belton asked about the Town Belt ownership and what the Trust is doing in respect of it.

Liz Mellish advised that consultation is currently underway about the Town Belt. The desire of the Trust is to become a co-manager of the Town Belt with Wellington City Council and this concept has received support from both Councillors and officials at Council. It is possible that Taranaki Whanui will

be able to "name" the Town Belt. A waiata is to be composed which directly relates to the Town Belt.

Kamiria Mullen said she believed Matiu could be used as a place for wananga on waiata, karanga, haka, etc.

Wayne Mulligan asked for clarification around the information presented on investment properties particularly the reserve.

Euan Playle provided the clarification required. The zero value applied to the reserves is because there is no commercial value given to these as (1) they will never be sold; and (2) because of the encumbrances on their titles

Teremoana Sparks asked for more information on the history, culture and identity kaupapa raised earlier. Can members be involved and how? She then stated that it is people who matter in difficult times.

Liz Mellish replied saying that the Trust are including the people as demonstrated by the kaumatua hui, consultation on Matiu Island management plan development, educational initiatives, information that is being disseminated via various methods by the Trust. The Trustees are certainly looking for involvement of members. Trustees have achieved a lot in two years and there will continue to be growth for many years to come.

Mana Jenkins stated that she believes the communications from the Trust are informative, timely and provided a great insight into the activities of the Trust.

Aroha Thorpe addressed members and acknowledged that in the past the updating of the website and distribution of newsletters has been intermittent and dependent on time availability of those involved. However over recent months the Trust has become more active in this area and are now updating the website regularly, using Facebook as a noticeboard, distributing mass emails notifying members of upcoming activities and the newsletter will again revert to a regular distribution cycle. She asked for members to provide email addresses at the front desk as this is a very efficient (and cost effective) way of communicating with members rapidly.

Frances Kingi-Katene asked if kaumatua located in Taranaki could come down and attend the kaumatua hui at Hikoikoi.

Sir Ngatata Love advised that this will be investigated but that the Trust intends "going around the people" in early 2012 to share information and interact with members.

Ani Parata expressed her gratitude for the Te Kura Taiahoaho programme which Ben Ngaia is delivering at Whakarongotai Marae. This has been an excellent initiative for the people and has reconnected people to their whakapapa and heritage with trips back to Taranaki as part of the programme.

It was noted for members that this programme is being delivered in conjunction with Te Reo o Taranaki Trust.

Bill Tito asked if the “names” of the whare for Pipitea Marae and the Wharewaka could be placed on the buildings.

Sir Ngatata said this would be followed up.

Resolution

It is hereby resolved that the members of the Trust receive the Report of Trustees as it has been presented.

Moved Kamiria Mullen

Seconded Mana Jenkins

Carried unanimously

Financial Overview

Euan Playle of BDO Wellington presented the Financial Statements for the Year Ended March 31, 2011 on behalf of the Trustees. He advised members that the Trust report to NZ International Financial Reporting Standards.

He briefly explained the “intrinsic” value of the harbour islands. This relates to the fact that the Trust will never sell these iconic properties and also that they are encumbered by covenants and other instruments which prevents their recording as commercial investment properties.

Mr Playle noted the following financial matters:

- * Total assets \$31,077,193, an increase over 2010 of \$703,518
- * Total liabilities of \$5,433,775
- * Term deposits with Kiwibank of \$6,800,000
- * Rental income of \$502,958 compared to \$352,928 in the previous year
- * Other income of \$402,142
- * Property revaluations resulted in a write down of \$850,339 on the previous year – this largely relates to the former school sites at Wainuiomata and Waiwhetu
- * Investment properties are valued at \$21,632,503
- * Trust has advanced \$1,000,000 to Wharewaka o Poneke Charitable Trust on commercial terms and conditions

Mr Playle then advised that the financial performance of the Trust was in line with the budgeted position which Trustees are pleased about. However Trustees and management remain concerned at the level of expenditure and are working extremely hard to turn non-performing properties around and to limit expenditure as much as possible. It is difficult as Trustees are required to make significant decisions and to do this they require advice from specialists. So the “you have to spend money to make money” scenario is definitely in play.

Mr Playle also spoke of the concern around the impact the changing insurance environment will have on the Trust into the future particularly in terms of the level of premiums that will be payable. However this is a reality

and is outside the control of Trustees and management.

Questions from the floor included:

Wayne Mulligan asked given the core costs of the Trust have grown from \$730,000 last year, how are the costs going to be constrained and income increased to cover these expenses?

Mr Playle responded that the Trustees and management are conscious of the increased expenditure. However the Trust is in its infancy therefore costs would be expected to be higher than income. The Trust is not yet a mature operation and to turn the situation around Trustees have to spend money to increase cash flow, for example the Deferred Selection Properties referred to earlier, Trustees cannot make informed decisions without undertaking a due diligence process which includes advice from property specialists, valuers, engineers, etc. Mr Playle also noted that several of the properties settled on the Trust had cost the Trust in meeting compliance and code requirements – this has not been an insignificant expenditure. Trustees are aware, and working hard to turn these non-performing assets around. Mr Playle also referred to the purchase and then onsale of Pe-tone Fire Station which is not recorded in these Financial Statements where the Trust had a profit of \$355,000 on the transaction.

Wayne Mulligan then stated that the Trust needs to be about creating wealth and economic viability and the development of a sustainable business model to support all the activities of the Trust.

Sir Ngatata Love responded that the strategic direction is set and a model can be identified to support the direction. However he again stated that the Trustees need to ‘spend money to make money’ and need to ensure that the money spent is well directed.

Mr Mulligan requested that Trustees consider providing a financial forecast going forward to show how this will be achieved.

Vaughan Puketapu asked about the \$1,000,000 advance to the Wharewaka o Poneke Charitable Trust and asked if any security had been provided, if so what was it?

Mr Playle responded the investment advance of \$1,000,000 is a solid one for the Trust. It is returning 9.7% interest and the advance is recoverable after five years. There is no specific security in place. The valuation of Te Raukura is approximately \$11,000,000 and loans in place for that entity are an insignificant part of that value. Mr Playle advised that the Wharewaka o Poneke Charitable Trust own the building but not the land.

Vaughan Puketapu also asked if the deposit paid by the Trust in respect of 83 Waterloo Quay had been repaid yet and if not is compounding interest being paid?

Mr Playle advised that the deposit has not yet been repaid and that interest is payable on the deposit. Trustees are working through issues related to this

transaction as the current lessee of the property has applied a legal right to the site which needs to be addressed prior to a settlement being able to be completed

Morie Love stated that he believed early consideration should be given to the sale and leaseback portfolio under the Deed of Settlement particularly given the high level of security afforded by both the properties concerned and the Crown tenancies. These opportunities would provide rental income with the advantage of paying down the purchase cost.

Mr Playle agreed that this portfolio was indeed an attractive opportunity with 10 years to engage in the process from 2009. He then referred to the Dilworth properties in Auckland as an example of how this portfolio could be managed.

Mr Playle advised members that the Trust debt to equity ratio is very good with debt being 17.5% and equity being 82.5%.

Toa Pomare asked if higher interest could be received from deposits being placed on longer terms.

Mr Playle advised that the term deposits are locked in with Kiwibank and the interest rates applied are at market levels

Mr Playle reiterated that Trustees are having to make investments now with the rewards to be gained a little further down the track. The costs are manageable and it is hoped members will see a turnaround this time next year with significant changes over the next 3-5 years.

Huia Puketapu asked why the Wharewaka is not listed as an asset in the Financial Statements and what is the ongoing liability in respect of the wharewaka.

Mr Playle advised that the Wharewaka is not an asset of the Trust. It is owned by a separate legal entity, Wharewaka o Poneke Charitable Trust. There is no ongoing liability for this Trust in respect of the Wharewaka.

Sir Ngatata Love advised that the vision going back to 1990 of a return to the waterfront in Wellington has finally been achieved with the completion of Te Raukura. From a mana whenua perspective it has changed our people and the respect held for the mana whenua in the city.

Resolution

It is hereby resolved that members of the Trust approve the Financial Statements for the year ended March 31, 2011.

*Moved Wayne Mulligan
Seconded Dawn McConnell
Carried unanimously*

Sir Ngatata Love then expressed the thanks of Trustees to Euan Playle for the contribution he makes to the operations of the Trust.

Auditors

A requirement of the Trust Deed is that members approve the appointment annually of the Trust auditors. Trustees are recommending the re-appointment of Grant Thornton (Wellington) for this purpose.

Resolution

It is hereby resolved that members of the Trust approve the appointment of Grant Thornton (Wellington) as the auditor for the Port Nicholson Block Settlement Trust and associated entities for the year ending March 31, 2012.

*Moved Martha Gilbert
Seconded Kamiria Mullen
Carried unanimously*

Trustee Remuneration

Mr Playle spoke to the Trustee remuneration item. He advised members that it is a requirement of the Trust Deed that members approve the Trustee remuneration levels. It is recommended that the remuneration levels be held at the current levels. Those being: Chairman - \$32,000; Deputy Chair - \$12,000 and individual Trustees - \$9,000 each.

Resolution

It is hereby resolved that members of the Trust agree to maintain Trustee remuneration at current levels (Chairman: \$32,000 per annum; Deputy Chair: \$12,000 per annum; each Trustee \$9,000 per annum)

*Moved Grant Knuckey
Seconded Mike Gilbert
Carried unanimously*

Currently the Deputy Chair role is vacant and Trustees will consider this matter at an appropriate time in the future. Trustees agreed that it was not appropriate for the position to be filled prior to the AGM with the recent passing of Ta Paora Reeves.

Looking Forward

Sir Ngatata Love advised members that looking forward the operational plan of the Trust will cover matters such as:

- * Continuing to maintain robust governance and management systems and processes including appointing appropriate personnel and engaging specialist advisers as required
- * Delivering on the strategic and annual plans of the Trust
- * Maintaining the risk management plan
- * Advancement of Whole of Government provision
- * Pursuing rangatahi initiatives
- * Completing deferred selection property decisions
- * Consideration of right of first refusal opportunities as they arise
- * Consideration of the sale and leaseback opportunities
- * Preparing for Trustee elections in 2012
- * Maintaining strategic relationships and development of new strategic relationships
- * Continuing rigorous analysis framework for property

* Maintaining communications with members

Members were reminded that there is no Trustee election this year as the entire board has rotated over the previous two years with each Trustee appointed for a term of three years.

Review of Trust Deed

Sir Ngatata Love advised members that Trustees have initiated a review of the Trust Deed as required by clause 31 of the Trust Deed. The purpose is to review the terms and operation of the Trust Deed, particularly relating to the electoral process and other aspects of representation. An independent facilitator will be appointed to undertake this exercise. All registered verified adult members are encouraged to participate and submissions will be able to be made by attendance at hui or in writing. It is hoped the review will be completed before year's end with recommendation from the independent facilitator to Trustees being received early in 2012.

Te Raukura

Sir Ngatata Love spoke briefly about the opening of Te Raukura on Waitangi Day 2011 and how it has become a focal point on the waterfront for all citizens and visitors. The Rugby World Cup 2011 FanZone was located beside Te Raukura and was a drawcard particularly now the two waka are in place. The powhiri to the Springboks in early September was a spectacular occasion held at Te Raukura.

Mark Te One spoke briefly about the waka tetekura – *Te Hononga* – which had been made possible by a grant from Wellington Community Trust and can be paddled by both men and women. He also spoke of the waka taua which will remain in the ownership of Wellington City Council who have funded it with the Kaitiaki being given to Te Wharewaka o Poneke Charitable Trust.

Wai 2235

Sir Ngatata Love spoke to the matter of Wai 2235 which is a claim taken by the settlement trust against the Crown

through the Waitangi Tribunal. The claim relates to the offer made by the Crown to Ngati Toa particularly in respect of land and rights being given or offered within the Port Nicholson Block rohe. The Trust unreservedly support Ngati Toa receiving a fair and equitable settlement but not at the expense of Taranaki Whanui. Meetings held with Crown representatives did not result in any progress being made. The case is currently being prepared for a full return to the Tribunal. Sir Ngatata then highlighted some of the encroachments of the offer for members' information:

- * Gifting of Tapu Te Ranga Island
- * Gifting of conservation area (Akatarawa)
- * Kaitiaki role for Ngati Toa over Cook Strait (a 'highway' used by all Taranaki Whanui iwi, Ngati Ruakawa, Ngai Tahu, etc)
- * \$10 million cash payment recognising Ngati Toa maritime empire across Cook Strait
- * Granting statutory acknowledgements over Wellington Harbour, m Te Awakairangi
- * Granting of coastal statutory acknowledgement
- * \$1.5 million cash to assist in the purchase of three former schools in the Port Nicholson Block rohe
- * Many commercial opportunities on properties spread throughout the Port Nicholson Block rohe

Conclusion

In concluding the meeting Sir Ngatata Love invited members to the arrival, blessing and naming of the new waka taua on Friday, September 16 at 7.30am.

Sir Ngatata also acknowledged that members have expressed concern over the level of expenditure being incurred, but reiterated that this is of concern to Trustees and management. However Trustees do need to spend the money to get the best advice to make informed decisions.

There being no further business the meeting was closed at 2.05pm by Sam Jackson followed by Whakaria Mai.



Chairman and Trustees' Report



E Kupe e!
E tū tekoteko ana ki uta rā
Ki te take o Ahumairangi mounga, o Pipitea awa
E rere kātea mai ai ngā kua o te motu
Ki Pipitea Marae, ki Pipitea tāngata
Kia pā te rae ki Te Upoko-o-te-Ika-a-Maui
E tū e! E tū e!

E tū e, kia kātea ai te titiro ki a Koro Taranaki
Ki a Rua-te-Tupua, ki a Rua-te-Tawhito
E pūkana whakararo, e pūkana whakarunga
Ki Te Moana Tāpokopoko-a-Tāwhaki
Ki Te Moana-i-Raukawakawa
Ki Te Ara Whānui-a-Tāne
Ki a Hokinga Mahara
Whakatōkia ai

Taranaki Whānui e!
Te ahi kā roa o Rua Tawhito mai rā anō
Poua te pane o te motu
Purutia tō mana, kia mau, kia ita
Kia tākiri ai te rangi
Kia tākiri ai te awatea
Kia tākiri ai a Puanga hei oranga mō te iwi
E rarau!



Tamariki enjoying waka ama

Introduction

Trustees are pleased to report on the third full year of operations of the Trust. The report covers the period from April 1, 2011 to March 31, 2012.

To bring you up to date on the progress made by the Trust since March 31, 2012, included in the report is a commentary of activities up to June 2012. Activities from June to September 2012 will also be reported at the Annual General Meeting.

The Trust has developed robust and secure processes for dealing with the work of the Trust and for ensuring the development of policies moving forward.

The strategic plan is a ‘living document’ which must be capable of addressing changes in the economy and to enable the Trust to take up opportunities. The plan continues to guide the consideration of Trustees and members’ ideas and input to the strategic plan are welcomed. Ideas are best presented in writing so we capture the thinking of members.

New Zealand continues to be influenced by the global economic situation, which has created financial instability and uncertainty. Nationally we are also subject to factors such as the impact of the Christchurch earthquakes and reduced government spending.

The year has seen the National Party and its coalition partners returned to Government with a clear mandate from the people. The Budget announced in May continues the theme of reducing spending and lowering debt levels. The partial sale of state owned enterprises while not popular in

some quarters, is a key factor in reducing debt.

The financial year has again been challenging. However Trustees remain positive as opportunities available to the Trust come to fruition. The audited financial statements for the year ended March 31, 2012 provides a clear picture of the complex challenges the Trust faces in turning opportunities into benefits for members.

This year is an election year for Trustees. Thirteen candidates have offered themselves for five ordinary vacancies and nine candidates for one extraordinary vacancy.

Review of Trust Deed

The review of the Trust Deed undertaken during the year was an important process. Trustees thank the many members who participated in the review. The review resulted in several recommendations being put to Trustees by the independent facilitator, Craig Ellison. Mr Ellison also reported to Trustees on some other matters which were outside the scope of the Trust Deed review and these matters are being worked through.

A Special General Meeting of members is required to approve any changes to the provisions of the Trust Deed. Trustees are planning that Special General Meeting to take place following the Annual General Meeting on September 8, 2012.

Contemporary Claim—Wai 2235

In December 2009, the Trust lodged an urgent claim with the Waitangi Tribunal (Wai 2235). This contemporary claim relates to actions of the Crown in making an offer to another iwi which



Powhiri, South Africa, RWC 2011



One of the Fluttering Shearwaters moved to Matiu Island

impinges on the mana of Taranaki Whanui ki Te Upoko o Te Ika. The Crown has offered vast tracts of land to another iwi within the rohe of the Port Nicholson block which will give them a standing which is not reflected through history. The urgent hearing for this claim was held in June 2012.

Trustees have also made submissions on pieces of proposed legislation during the year, most notably the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Bill and the Heritage New Zealand Pouhere Taonga Bill (“Bill”).

Overall Financial Comment

Members will recall at the last AGM they were advised to expect another year which resulted in an operational deficit. This forecast was based on the understanding of the work needed to take valuable but under-performing land assets to a point where they become long term financial contributors to the Trust.

While the results for the year again show a deficit position, progress is being made in turning the under-performing assets into long term productive investments.

Resources continue to be expended on the opportunities presented by our under-performing assets.

The challenges and process referred to have resulted in positive strategies which not only protect the Trust’s assets but demonstrate increasing value from our property assets, people, and our knowledge base.

The former Wainuiomata College and former Wainuiomata Intermediate continue to be a

financial burden on the Trust due to some tenants not meeting their lease commitments. While non-payment of rent deprives the Trust of income, the Trust has had to meet the costs associated with the property.

Summary of Audited Financial Statements

The Financial Statements as presented in this report have again been prepared using New Zealand Equivalents to International Financial Reporting Standards. A snapshot of the Financial Statements shows:

- ◆ The total assets of the Trust at the end of the financial year are \$23,990,165
- ◆ The Operating Revenue and related direct costs from rental activity has resulted in a net deficit for the year of \$211,498 (2011: \$177,935)
- ◆ Administrative and Operating Costs total \$3,044,367 (2011: \$2,579,314) and as alluded to last year reflect the activities of the Trust during the year particularly the work needed to address the properties settled on the Trust by the Crown, together with the opportunities presented relating to Deferred Selection Properties and addressing Right of First Refusal properties as they are offered back
- ◆ The unrealised loss arising from the annual revaluation of the Trust’s Investment Properties was \$520,673 (2.41% of total property value) (2011: \$850,339). This is a satisfactory result given the climate that the Trust operates in
- ◆ Other income totalled \$1,562,790 (2011: \$(408,164))
- ◆ During the year the Trust made a capital gain on the sale of the former Petone Fire Station



Te Rerenga Kotare (front) and Te Hononga (rear)



2011 Annual General Meeting



Looking out to Raukawa Moana
from the lakes



Through the pohutukawa on
Matiu to the city



Lounge at The Lodge at Shelly Bay

- ◆ Overall the Net Financing Income (Interest) was \$126,696 (2011: \$144,508).
- ◆ These items combined have resulted in a net deficit of \$2,303,259 (2011: \$3,060,938) for the year
- ◆ Trust Capital at the end of the year is \$23,340,159 compared to \$25,643,418 last year
- ◆ Current assets total \$1,755,426 (2011: \$8,087,897) and total liabilities total \$650,006 (2011: \$5,433,775) giving net working capital of \$1,105,420 (2011: \$2,654,122)
- ◆ Investment Properties are valued at \$21,112,503 (2011: \$21,632,503) and together with Investments and Property Plant and Equipment of \$1,122,236 (2011: \$1,356,793) total non-current assets are \$22,234,739 (2011: \$22,989,296), providing for total assets of \$23,990,165 (2011: \$31,077,193).

Economic / Property Matters

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

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

The 1-3 Thorndon Quay property continues to be a positive asset for the Trust. It is fully tenanted at commercial rates and is managed for the Trust by Colliers Property Managers.

The property at 81-87 Thorndon Quay was transferred with a lease in place. The lease expires in

September this year and the tenant has been formally advised that they are required to vacate. Several possibilities are being investigated for a commercial development to be undertaken on this site.

Shelly Bay has been identified as a strategic part of the Government's intention to establish a National Park on Motu Kairangi (Watts Peninsula).

Shelly Bay is viewed as a key commercial centre for the National Park. Legislation is expected to be introduced later this year.

The role of The Lodge at Shelly Bay is being reviewed as part of the overall future strategy for Shelly Bay.

Deferred Selection Purchase

Trustees and the management team have continued to work diligently on the remaining options available to the Trust in the Deferred Selection Purchases portfolio.

The Petone Fire Station was purchased through this mechanism with the intention of it becoming a long-term investment property. After a period of seeking tenants to rent the property it was found that the demand was coming from prospective purchasers for the property. It was therefore decided that the Trust would be better served by selling the property. An Agreement for Sale and Purchase was entered into which resulted in a gain of \$350,627.

Other properties in this portfolio that were considered and decisions made not to purchase were for:

- ◆ 11 Ventnor Street, Seatoun
- ◆ 116 Naenae Road, Naenae
- ◆ Parliament/Hill St, Thorndon

- ◆ Korokoro Road, Korokoro (part Korokoro Primary School)
- ◆ 138 Whites Line East, Waiwhetu
- ◆ 12 Wellington Road, Wainuiomata
- ◆ 9 Central Terrace, Kelburn
- ◆ Former Woodhatton Primary School, Wainuiomata

Other properties in the portfolio were purchased and onsold. They were 1a Gladstone Terrace, 35 Salamanca Road and 37-41 Salamanca Road, Kelburn. This transaction saw the Trust take a net return of \$405,000.

Trustees have initiated the process on the remaining two properties, being Wellington Railway Station and Social Hall and the former Petone College. Subsequent to the end of the financial year Trustees have elected to purchase the former Petone College from the Crown following an exhaustive process to determine the fair market valuation.

Trustees are still in the process of considering the possible purchase of Wellington Railway Station and Social Hall. This is a significant building and would be a major transaction (as per the Trust Deed) for the Trust. There are technical aspects that require further investigation prior to a final decision being made by Trustees and members and that investigation is currently underway.

Right of First Refusal

The Trust has been presented with opportunities through the Right of First Refusal provision in the Deed of Settlement. However given the process, the Trust has chosen not to exercise its right in respect of any of these properties. It is

interesting to note that several of the properties were presented a second time to the Trust as the original offer could not be met by the market. This re-offer provision is part of the process prescribed by the Act.

Sale and Leaseback

The Trust has maintained a watching brief on valuations relating to the portfolio of sale and leaseback properties.

Environmental

Reserves (Oruaiti, Honiana Te Puni and Wi Tako Ngatata)

Good progress has been made in respect of each of the reserves owned by the Trust and co-managed with the respective local territorial authority.

Particularly pleasing has been the beautification and land management plan for Oruaiti Reserve at Seatoun. On Arbor Day (June 6) Wellington's official launch of Matariki was celebrated with the planting of around 3,000 plants on the reserve, which is one part of the management plan. The plan also allows for the installation of pou whenua which will identify two tauranga waka sites. In addition interpretative panels are being developed for placement around the reserve which will detail the history of the area.

Harbour Islands Kaitiaki Board

The Harbour Islands Kaitiaki Board has continued to pursue the development of their management plan. This process was contracted out last year and included a round of consultation. The board was presented with the final draft document in May with the confirmed document expected in July.



Arbor Day at Oruaiti Reserve



Blessing of infrastructure, Matiu Island



Wellington Railway Station



Diplomatic Corp watching the waka arrive

Parangarahu Lakes Area

The Trust owns the fee simple title of the lakebeds, the esplanade strips and the dendroglyph sites. The Roopu Tiaki has been established to manage this area and consists of three Trust appointees and three persons appointed by Greater Wellington Regional Council. The first priority of the Roopu Tiaki is the development of a management plan and this is timetabled to be completed by the end of this year.

Opau Urupa, Makara

Significant consultation and work has been undertaken towards the establishment of the Opau Urupa at Makara. The resource consent was lodged in May 2012 and it is hoped this will be granted in the near future. This is an important development given that other facilities around the region are close to capacity. This urupa will be for Taranaki Whanui specifically. A management committee is to be established which will be representative of the three marae (Pipitea, Te Tatau o Te Po and Waiwhetu), the Trust, Wellington Tenth Trust and Palmerston North Maori Reserve.



Trustees and Ministers at the Whole of Government Annual Forum

investigating some significant landscaping and other internal upgrades. The majority of these works are possible from an increased cash flow generated by the marae. An investment of \$1.4 million remains of the ex-gratia payment (\$1,738,000) received in 2009.

Te Ra o Waitangi 2012

It was a privilege this year to host the Diplomatic Corps for breakfast at Pipitea Marae, prior to the formal Waitangi Day celebrations on Wellington's waterfront. Representatives from 59 countries were present and enjoyed the hospitality both at the marae and at Te Raukura.

Mana Whenua rights

The maintaining of the mana whenua rights for Taranaki Whanui ki Te Upoko o Te Ika through many avenues is at the core of the Trust's activities. Significant time is committed by a team of Taranaki Whanui representatives to the upholding of mana whenua rights.

Strategic Relationships—Local Government

It is important that the Trust maintains strategic relationships with entities such as Wellington City Council, Hutt City Council, Upper Hutt City Council and Greater Wellington Regional Council.

This primarily ensures that the mana whenua rights are protected and upheld.

However it also provides the opportunity for the Trust to provide input to matters such as the long-term plans of the councils and to comment on specific policies prepared by the councils.

Cultural

Pipitea Marae

The Trust reappointed its three representatives (Mahara Okeroa, Neville Baker and Aroha Thorpe) to the Pipitea Marae Charitable Trust in April 2012 for a further term of three years. New Trustees have been appointed by the Ngati Poneke Maori Association. The Trust continues to undertake deferred maintenance on the building and to complete upgrades.

Over the upcoming summer the entire roof of the whare will be replaced and Trustees are



Pipitea Marae

This is continual work that is undertaken.

Social

Whole of Government

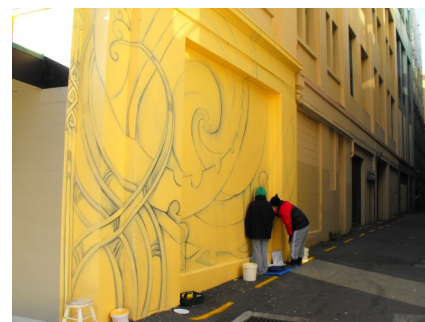
The annual forum with Ministers of the Crown and created by the Whole of Government provision in the Deed of Settlement was held in April at Te Raukura. The Prime Minister, Rt Hon John Key was accompanied by other Ministers and officials. The Trust has continued to develop the relationships previously put in place and two new relationships were agreed this year with Land Information New Zealand and the Ministry of Foreign Affairs and Trade bringing the number to nine agencies with whom the Trust now has formal relationships to achieve specific objectives. This year the Prime Minister was asked to intervene to assist with the development of a relationship with the Ministry of Health. This agency has unlike others, proved difficult to engage with.

Positive outcomes to date have included:

- ◆ *Ministry of Social Development (Work and Income)* – continued secondment of Mel Harrington for a further 12 months; financial support to get rangatahi into training and employment (ceased in June 2012); contributing to internal department policies;
- ◆ *Ministry of Education* – a contract for the delivery of resources and programmes that are focused on:
 - * Educating others and delivery via Wananga and hui;
 - * Researching our own history;
 - * Education ourselves.
- ◆ *Ministry for the Environment* - a secondment opportunity for a

Regional Planner/GIS specialist assisting with resource management and GIS mapping;

- ◆ *Department of Corrections* – collaboration in the rehabilitation and reintegration, drug and alcohol services and support and accommodation/housing;
- ◆ *Te Puni Kokiri* – continued support for the Crown facilitator role and support for a mana whenua role during Rugby World Cup and support for the establishment of a Maori tourism strategy through the Maori Business Facilitation Service;
- ◆ *LINZ*—involvement in Digital Earth International Conference; working on new names and place name changes;
- ◆ *Department of Internal Affairs (National Library)* - internship position to work with Public Programmes on development of kete korero and Te Ahumairangi;
- ◆ *Housing*—applications to the Social Housing Unit were unsuccessful however we continue to discuss housing with both the Department of Building and Housing and Housing NZ Corporation; a working reference group has been established to ensure that the Trust are aware of possible opportunities in the social housing area throughout the rohe ;
- ◆ *Ministry of Foreign Affairs and Trade*—to work together on manaakitanga of international dignitaries and at significant annual events and to be involved in any international trade matters especially related to promoting New Zealand and Maori/Taranaki Whanui products.



Mural at Te Aro Pa



Te Taiohitoa o Te Awe at Parliament



Kaumatu hui



KAUMATUA FREE PHONE
0800 767 8642
(0800 PORTNIC)

Nau Mai Haere mai

Call us on our FREE PHONE number above
or email kaumatua@portnicholson.org.nz

Kaumatua freephone fridge magnet

Education Initiatives

There has been significant progress on the education front over the past 12 months. These have included:

- ◆ Continuing to deliver programmes in conjunction with Te Wananga o Aotearoa. This has included over 100 students undertaking two levels of Te Ara Reo Maori based at the Trust office this year.
- ◆ Working with Te Reo o Taranaki Charitable Trust on the delivery of Te Kura Taiahoaho based at Waikanae's Whakarongotai Marae
- ◆ Working with the Ahikaa Learning Centre at Waiwhetu to assist and support rangatahi through various initiatives, such as performing arts and drama, mentoring, training, employment, etc.
- ◆ Working with the National Library on resources

Te Taiohitoa o Te Awe ("Young Champions")

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

Te Taiohitoa o Te Awe is a mentoring scheme that supports the development of Maori rangatahi engaged in secondary schools (Years 11-13). Currently 27 students are participating in the programme with a range of mentors such as political parties, government sector and small business.

Working with Kaumatua

The kaumatua hui commenced in 2010 have continued and are held in conjunction with Wellington Tenth's Trust and Palmerston North Maori Reserve. The establishment of a kaumatua

freephone means that kaumatua are able to call and seek assistance when needed. Fridge magnets with the details are available from the office. There are weekly hui held at Hikoikoi which is a time of korero, good humour and information sharing.

Communicating with Members

The Trust has endeavoured to use more technological means of communicating information to members in the past 12 months.

Website—www.pnbst.maori.nz

A major upgrade of the website is scheduled to be completed (hopefully) before the AGM.

Facebook

The Facebook page is used to convey brief messages and direct readers to the website.

Email

We have found that email is a very efficient and quick method of communicating with members. We appreciate the messages that we receive thanking us for the distribution of information. We see email as a way of allowing members to be informed or take up opportunities, etc. We encourage more members to give us their email addresses.

Rugby World Cup 2011

The Rugby World Cup provided some tangible returns for the economy but not to the levels hoped. The recapturing of the Rugby World Cup by the All Blacks did however heighten the spirits of most New Zealanders and had that 'feel good' factor. Taranaki Whanui did have the privilege of welcoming the previous holders of the cup – the Springboks at Te Raukura.



Tamariki performing at Te Ra o Waitangi



General Comments

There is a significant number of activities which have not been reported on here. These include matters such as attending annual Ratana celebrations, attending Pomare Day, providing events during Matariki/Puanga, providing ‘walking tours’ for groups around sites of significance in the CBD and then of course there are the large number of occasions and events where Taranaki Whanui ki Te Upoko o Te Ika participate to ensure that appropriate tikanga and protocols are adhered to such as ANZAC Day, the opening of Parliament, etc.

April to July 2011

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

Petone College site

As mentioned earlier in this report Trustees have elected to purchase the former Petone College site. The future of the site has been secured by a long-term lease with a third party, with the Trust retaining ownership of the land.

Wellington Railway Station

Another matter referred to earlier is consideration of the purchase of Wellington Railway Station and Social Hall. Trustees are seeking additional information on which to make an informed decision.

Discussions with Kiwirail have been cordial and they are accommodating of the additional time Trustees have requested to complete a thorough investigation of the building. The outcome of the investigation will provide the

Trust and its advisors with up-to-date information for considering future opportunities.

Looking Forward

Trustees will continue to be prudent and diligent in their obligations to all members of the Trust.

While ensuring that the cultural and social imperatives of the members are considered, there has to be a continuing focus on the economic development of the Trust. This will mean full consideration of investment opportunities which may arise.

Trustees are focused on developing the potential of non-performing properties of the Trust. While this remains a challenge in the current climate there are opportunities to be had over the next two years.

A key focus in the coming weeks will be receipt and analysis of the Waitangi Tribunal report on Wai 2235. We will keep members updated as developments occur.

Trustees will continue to develop the capacity of the Trust to deliver on its four key areas, being:

1. Cultural well-being
2. Social well-being
3. Environmental well-being
4. Economic well-being

Trustees will seek input from members in reviewing the strategic plan.

We will continue to ensure that the mana whenua status of Taranaki Whanui ki Te Upoko o Te Ika in the Wellington region is maintained and further enhanced. This will be done by:

- ◆ Maintaining relationships with



Maori Wardens, Waitangi Day 2012



Kaiwero, Pipitea Marae



Looking over the lakes towards Wellington City

Trustees look forward to the development of a tourism initiative based around key sites and assets.

Financial Performance

While the forecast budget for the year ending March 31, 2013 is again demonstrating an Operating Deficit, it is a reduced deficit.

Trustees are confident that projects currently under negotiation or finalised since April 1, will have a positive impact on the bottom line of the Trust.

Trustees and management are acutely aware that the financial performance of the Trust and in the coming years Trustees focus on turning latent opportunities into financial successes.

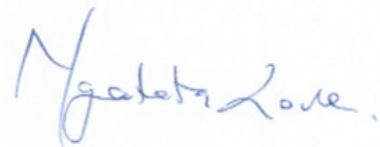
Conclusion

In concluding I offer my thanks to the Trustees who have in the early life of the Trust continued to strive to build a robust and transparent organisation. Trustees have debated issues and challenged the logic of recommendations thus

displaying the importance of reaching sound decisions.

Special thanks must go to the management team and our external advisers and professionals. Without their support none of what the Trustees do could be achieved. A special thanks to our Trust Manager, Aroha Thorpe who has provided the stability and drive over this period.

We particularly express thanks to Bruce Farquhar who was an integral part of the Trust since 2008 as the Office Solicitor. His contribution was significant. Bruce has taken up a career opportunity in Hawkes Bay which has also allowed him to move closer to his wider whanau. Bruce left the Trust in July.



Ngaheta Love

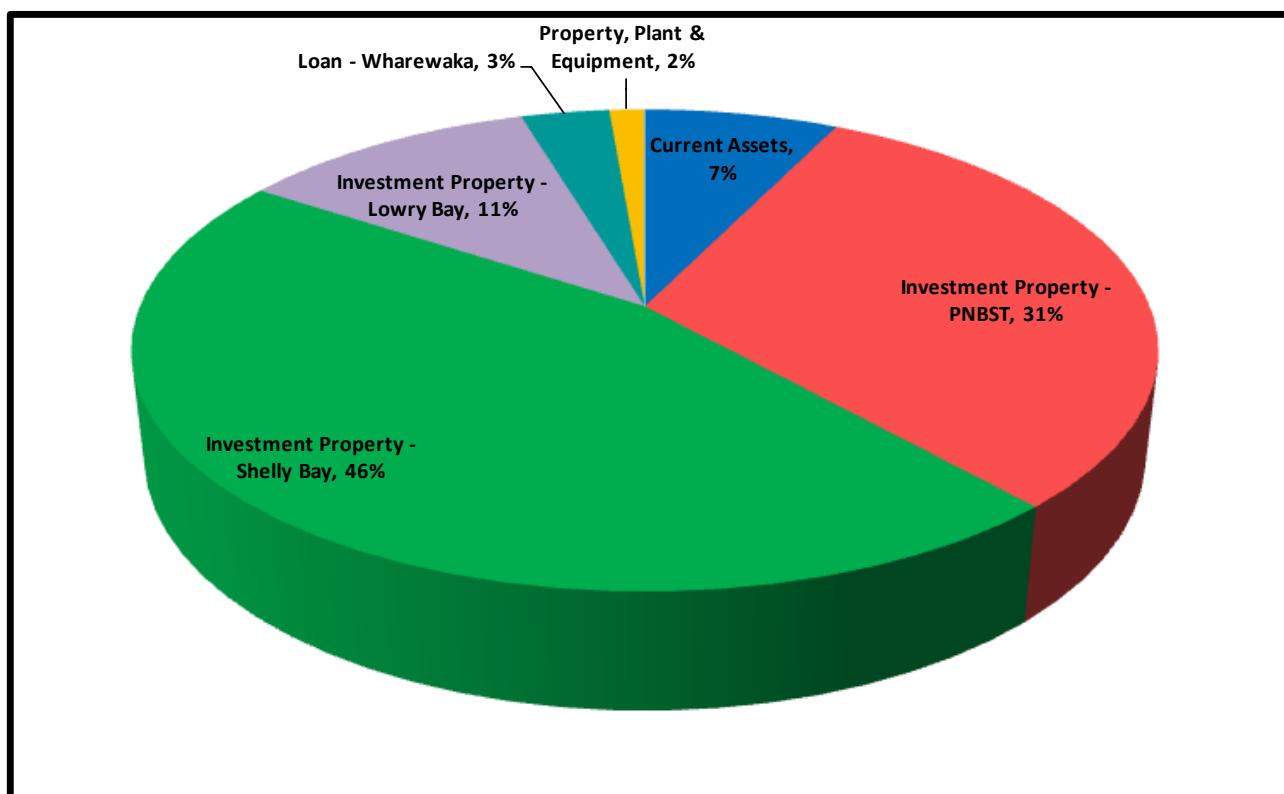


Total Assets

Total assets of the Trust as at March 31, 2012 comprise the following:

Current Assets	1,755,426	7%
Investment Property—PNBST	7,497,503	31%
Investment Property—Shelly Bay	11,060,000	46%
Investment Property—Lowry Bay	2,555,000	11%
Loan—Wharewaka	800,626	3%
Property, Plant & Equipment	321,610	2%
TOTAL ASSETS	\$ 23,990,165	100%

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



Statement of Comprehensive Income

For the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
Operating Revenue					
Rental Income		561,913	502,958	285,460	277,183
Less: Direct Expenses	5	(773,411)	(680,893)	(281,244)	(358,688)
Gross Profit/(Loss)		(211,498)	(177,935)	4,216	(81,505)
Less: Administration and Operating Costs	6	3,044,367	2,579,314	1,316,251	863,003
Profit/(Loss) from Operations		(3,255,865)	(2,757,249)	(1,312,035)	(944,508)
Other Income					
Gain/(Loss) on Investment Properties fair value	13	(520,673)	(850,339)	(50,000)	(565,000)
Gain on consolidation of PNBC Limited		-	(6,022)	-	-
Capital Gain on Sale of Investment		350,627	-	350,627	-
Other Income		1,562,790	408,164	566,021	155,899
		1,392,744	(448,197)	866,648	(409,101)
Operating Expenditure					
Other Expenses		566,834	-	-	-
Increase/(decrease) in provision for impairment		-	-	1,940,518	1,950,495
		566,834	-	1,940,518	1,950,495
Financing Income					
Financial Income		333,060	361,616	332,051	361,056
Financial Expense		(206,364)	(217,108)	(206,364)	(217,108)
Net Financing Income	7	126,696	144,508	125,687	143,948
Profit/(Loss) before Income Tax		(2,303,259)	(3,060,938)	(2,260,218)	(3,160,156)
Income Tax Expense	9	-	-	-	-
Profit/(Loss) for the Year		(2,303,259)	(3,060,938)	(2,260,218)	(3,160,156)
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		\$(2,303,259)	\$(3,060,938)	\$(2,260,218)	\$(3,160,156)

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

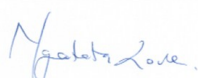
Statement of Changes in Trust Capital for the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
Trust Capital at Beginning of Year		25,643,418	28,704,356	25,123,326	28,283,482
Total Comprehensive Income for the Year		(2,303,259)	(3,060,938)	(2,260,218)	(3,160,156)
Trust Capital at End of Year		<u>\$23,340,159</u>	<u>\$25,643,418</u>	<u>\$22,863,108</u>	<u>\$25,123,326</u>

Statement of Financial Position as at March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
Current Assets					
Cash and Cash Equivalents	10	375,937	101,898	381,980	25,602
Trade Debtors and Other Receivables	11	1,095,236	1,016,489	934,515	928,463
Prepayments		98,096	99,667	16,753	35,801
Investments	14	-	6,800,000	-	6,800,000
Income Tax Receivable	9	49,619	60,323	48,306	59,166
GST Receivable		52,770	-	12,562	-
Work in Progress		83,768	-	83,768	-
Holding Costs		-	9,520	-	9,520
		1,755,426	8,087,897	1,477,884	7,858,552
Non-Current Assets					
Investment Property	13	21,112,503	21,632,503	7,497,503	10,122,503
Investment in Subsidiaries	17	-	-	13,769,910	11,792,910
Investments in Related Entities	21	800,626	1,000,000	798,453	1,000,000
Property, Plant & Equipment	15	321,610	356,793	6,065	5,747
		22,234,739	22,989,296	22,071,931	22,921,160
Total Assets		\$23,990,165	\$31,077,193	\$23,549,315	\$30,779,712
Current Liabilities					
Trade Creditors and Other Payables	12	650,006	344,766	686,707	526,143
Loans	16	-	5,035,647	-	5,035,647
GST Payable		-	53,362	-	94,596
		650,006	5,433,775	686,707	5,656,386
Total Liabilities		650,006	5,433,775	686,707	5,656,386
Trust Capital					
Retained Earnings		23,340,159	25,643,418	22,863,108	25,123,326
Total Trust Capital		23,340,159	25,643,418	22,863,108	25,123,326
Total Trust Capital and Liabilities		\$23,990,165	\$31,077,193	\$23,549,815	\$30,779,712

On behalf of the Trustees:



Professor Sir Ngatata Love, Chairman



Hon Mahara Okeroa, Trustee

Date: July 19, 2012

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 1: REPORTING ENTITY

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

Port Nicholson Block Settlement Trust and its subsidiaries (together “the Group”) represents descendants of Taranaki, Te Atiawa, Ngati Ruanui and Ngati Tama whose tupuna were resident in Wellington in 1840, collectively known as Taranaki Whanui ki Te Upoko o Te Ika. The Trust, established by the Port Nicholson Block Settlement Trust Deed, dated August 11, 2008, is the Trust to receive the settlement package relating to historical Treaty of Waitangi claims. The Crown and the Trust signed a Deed of Settlement in Wellington on August 19, 2008. The Financial Statements presented are for the year ended March 31, 2012 and were authorised for issue by the Trustees on July 19, 2012.

NOTE 2: BASIS OF CONSOLIDATION

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

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

The wholly owned subsidiaries of the Trust are:

- Shelly Bay Limited
- The Lodge at Shelly Bay Limited
- Port Nicholson Block Management Limited
- PNBC Limited
- Lowry Bay Section One Limited
- Port Nicholson Block Properties Limited
- Education PNBST Limited

All subsidiaries have a reporting date of March 31, 2012 and accounting policies applied are consistent with the Parent.

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

NOTE 3: BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Trust is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

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

(b) Basis of measurement

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

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

(c) Presentation currency

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

(d) Use of estimates and judgments

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

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

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

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

Notes to the Financial Statements for the year ended March 31, 2012

(e) Changes in accounting policies

There has been no change in accounting policies.

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

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

(a) Business combinations

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

(b) Cash and cash equivalents

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

(c) Trade debtors and other receivables

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

(d) Trade creditors and other payables

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

(e) Provisions

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

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

(f) Financial instruments

Financial instruments are comprised of trade debtors and

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

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

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

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

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

Financial assets

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

(i) Loans and receivables

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

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

Financial liabilities

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

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

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of financial instruments

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

(g) **Investments in subsidiaries**

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

(h) **Impairment**

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

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

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

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

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

Property, plant and equipment is measured at cost, less

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

(i) *Additions*

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

(ii) *Disposal*

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

(iii) *Depreciation*

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

Office Equipment	20% - 80.4%
Furniture & Fittings	9.6% - 50%
Motor Vehicles	36%
The Officers Mess—Leasehold Improvements	3%
The Officers Mess Level 1—Fitout Costs	30% - 48%
Corporals Club—Leasehold Improvements	3%
Commanders Residence	12% - 48%
Seminar Facility	3%
Conference Equipment	48%-60%

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

(j) **Employee entitlements**

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

(k) **Finance income and expenses**

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

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

(l) Revenue

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

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

(i) *Crown settlement*

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

(ii) *Koha*

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

(iii) *Rendering of services*

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

(iv) *Interest*

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

(v) *Rental income*

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

(m) Investment Property

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

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

(n) Taxation

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

(o) GST

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

Notes to the Financial Statements for the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
NOTE 5: DIRECT EXPENSES					
Building WOF		6,422	6,719	3,014	2,340
Cleaning		8,910	15,818	8,910	15,818
Consultancy Fees		-	14,791	-	-
Electricity		65,732	55,178	8,562	10,836
Fire Monitoring		17,911	22,873	4,741	12,871
General		26	15	26	-
Grounds Maintenance		38,545	43,029	17,453	19,068
Heating Ventilation & Air Conditioning		2,434	2,461	2,434	2,461
Insurance		130,445	114,826	65,732	74,271
Legal Fees		5,720	-	-	-
Lift Maintenance		4,875	6,165	4,875	6,165
Professional Fees		710	450	525	450
Property Management Fees		71,852	69,473	17,459	38,074
Rates		164,484	143,144	63,955	56,563
Repairs & Maintenance		172,240	110,485	68,368	80,923
Security		27,823	36,037	8,191	28,129
Water Rates		55,282	39,429	6,999	10,719
TOTAL DIRECT EXPENSES		\$773,411	\$680,893	\$281,244	\$358,688

Notes to the Financial Statements for the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
NOTE 6: ADMIN & OPERATING COSTS					
Accountancy Fees		115,944	179,061	79,720	100,555
Advertising & PR Consulting		25,758	10,749	-	-
Annual General Meeting		25,814	31,155	25,814	31,155
Audit Fees		35,989	29,108	23,764	22,108
Bank Charges		1,646	602	1,501	302
Bad Debts		-	5,854	-	-
Catering & Meetings		19,778	29,194	4,345	14,100
Computer Expenses		18,118	31,174	2,456	8,644
Consultancy Fees		84,273	35,629	62,009	26,726
Consultancy Fees—Accounting & Tax		165,026	93,469	165,026	93,469
Depreciation	8	66,498	73,349	2,820	447
Directors Meetings		1,005	-	-	-
Election Costs		-	60,309	-	60,309
General Expenses		79,396	47,956	28,575	14,800
Hui Expenses		586	25,285	-	25,285
Insurance		23,380	13,104	13,341	10,816
Koha		5,135	1,786	4,135	1,786
Legal Fees		282,610	31,962	275,883	30,422
Motor Vehicle Expenses		10,969	6,320	-	-
Newsletters		44,381	69,247	44,381	69,247
Office Expenses		15,752	27,070	3,767	-
Printing & Stationery		55,003	42,759	15,738	6,150
Project Management Fees		39,921	18,267	36,535	18,267
Rent & Power		257,405	278,994	-	-
Review of Trust Deed		71,204	-	71,204	-
Repairs & Maintenance		830	11,512	-	-
RFR & WRDSP		250,193	102,853	250,193	102,853
Telephone & Tolls		27,847	33,511	80	65
Travel & Accommodation		45,756	63,766	36,761	56,796
Trust Office Expenses		1,105,122	1,063,350	-	7,326
Trustees' Fees	19	113,000	124,675	113,000	124,675
Valuation Fees		34,180	37,245	33,355	36,700
Waitangi Day Events		21,848	-	21,848	-
TOTAL ADMINISTRATION & OPERATING COSTS		\$3,044,367	\$2,579,314	\$1,316,251	\$863,003

Notes to the Financial Statements for the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
NOTE 7. NET FINANCE INCOME/ (EXPENSE)					
Kiwibank—Online Call Account		5,710	3,566	4,704	3,010
Kiwibank—Term Deposits		229,860	319,448	229,860	319,448
Wharewaka o Poneke Charitable Trust Accrued Interest		97,104	37,842	97,103	37,842
IRD—Use of Money Interest		85	760	83	756
Interest—Funds Held in Trust		301	-	301	-
Kiwibank Loan—Interest Paid		(206,364)	(217,108)	(206,364)	(217,108)
TOTAL NET FINANCE INCOME		\$126,696	\$144,508	\$125,687	\$143,948
NOTE 8: DEPRECIATION					
Office Equipment		24,732	25,070	-	-
Furniture & Fittings		21,346	19,595	2,820	447
Motor Vehicles		6,861	10,720	-	-
The Officers Mess—Leasehold Improvements		3,545	2,996	-	-
The Officers Mess Level 1—Fitout Costs		4,395	8,013	-	-
Corporals Club—Leasehold Improvements		773	403	-	-
Commanders Residence		1,141	1,824	-	-
Seminar Facility		636	269	-	-
Conference Equipment		3,069	4,459	-	-
TOTAL DEPRECIATION		\$66,498	\$73,349	\$2,820	\$447
NOTE 9: TAXATION					
Net Surplus Before Taxation		(2,303,259)	(3,060,938)	(2,260,218)	(3,160,156)
ADD/(LESS):					
Non Assessable Capital Gains		(350,627)	-	(350,627)	-
Revaluation on Investment Properties		520,673	850,339	50,000	565,000
Increase in provision for impairment		-	-	1,940,518	1,950,495
Non deductible expenses		108	250	-	-
Tax Losses Brought Forward		(4,787,429)	(2,577,080)	(1,332,034)	(687,374)
TAXABLE INCOME/(LOSS)		\$(6,920,534)	\$(4,787,429)	\$(1,952,361)	\$(1,332,034)
Taxation Expense		-	-	-	-
LESS:					
RWT Paid		(49,619)	(60,323)	(48,306)	(59,166)
TAXATION PAYABLE/(REFUND DUE)		\$(49,619)	\$(60,323)	\$(48,306)	\$(59,166)

Tax losses amounting to \$1,952,361 are to be carried forward to be offset against future taxable income by the Trust.

The Group has \$6,920,534 of tax losses to be carried forward. These losses are subject to confirmation by Inland Revenue.

Notes to the Financial Statements for the year ended March 31, 2012

	Note	Group		Parent	
		2012	2011	2012	2011
		\$	\$	\$	\$
NOTE 10: CASH & CASH EQUIVALENTS					
Cash at Kiwibank		359,518	101,898	365,561	25,602
Funds Held in Trust		16,419	-	16,419	-
TOTAL CASH & CASH EQUIVALENTS		\$375,937	\$101,898	\$381,980	\$25,602

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

NOTE 11: TRADE DEBTORS & OTHER RECEIVABLES

Trade Debtors	345,373	117,057	184,652	67,996
Pipitea Marae Charitable Trust	873	31,720	873	31,720
Accrued Interest—Kiwibank	-	40,905	-	40,905
Accrued Interest—Wharewaka o Poneke Charitable Trust	(1,010)	37,842	(1,010)	37,842
Accrued Revenue	-	38,965	-	-
Deposit—83 Waterloo Quay	750,000	750,000	750,000	750,000
TOTAL TRADE DEBTORS & OTHER RECEIVABLES	\$1,095,236	\$1,016,489	\$934,515	\$928,463

All trade debtors and other receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers. The carrying amount of trade debtors and other receivables approximates their fair value. As at March 31, 2012 there are no significant overdue trade debtors.

NOTE 12: TRADE CREDITORS & OTHER PAYABLES

Trade Creditors	345,278	235,781	104,057	119,781
Accrued Expenses	304,728	83,985	215,784	14,496
Income in Advance	-	25,000	-	25,000
PNBC Limited	-	-	366,866	366,866
TOTAL TRADE CREDITORS & OTHER PAYABLES	\$650,006	\$344,766	\$686,707	\$526,143

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

Notes to the Financial Statements for the year ended March 31, 2012

	Opening Book Value	Additions at Cost	2012 Valuation	Fair Value Movement
	\$	\$	\$	\$
NOTE 13: INVESTMENT PROPERTIES (at fair value)				
Reconciliation of fair value 2012				
Parent				
1-3 Thorndon Quay, Wellington	1,800,000	-	1,750,000	(50,000)
81-87 Thorndon Quay, Wellington	2,000,000	-	2,000,000	-
Waiwhetu Primary School	2,050,000	-	2,050,000	-
Whites Line East, Waiwhetu	410,000	-	410,000	-
Korokoro Gateway site	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Scenic Reserve	296,000	-	296,000	-
Dendroglyph site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Total Fair Value Movement for Parent	7,547,503	-	7,497,503	(50,000)
Subsidiaries				
Shelly Bay Limited				
Shelly Bay	11,510,000	673	11,060,000	(450,673)
Lowry Bay Section One Limited				
Wainuiomata College	1,000,000	-	1,155,000	155,000
Wainuiomata Intermediate	1,575,000	-	1,400,000	(175,000)
Total Fair Value Movement for Group for the Year Ended March 31, 2012	\$21,632,503	\$673	\$21,112,503	\$(520,673)

Notes to the Financial Statements for the year ended March 31, 2012

	Opening Book Value	Additions at Cost	2011 Valuation	Fair Value Movement
	\$	\$	\$	\$
NOTE 13: INVESTMENT PROPERTIES (at fair value) continued				
Reconciliation of fair value 2011				
<i>Parent</i>				
1-3 Thorndon Quay, Wellington	1,900,000	-	1,800,000	(100,000)
81-87 Thorndon Quay, Wellington	2,000,000	-	2,000,000	-
Wainuiomata College	1,010,000	-	1,000,000	(10,000)
Wainuiomata Intermediate	1,790,000	-	1,575,000	(215,000)
Waiwhetu Primary School	2,300,000	-	2,050,000	(250,000)
Whites Line East, Waiwhetu	400,000	-	410,000	10,000
Korokoro Gateway site	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Scenic Reserve	296,000	-	296,000	-
Dendroglyph site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
Total Fair Value Movement for Parent	10,687,503	-	10,122,503	(565,000)
<i>Subsidiaries</i>				
Shelly Bay	11,760,000	35,339	11,510,000	(285,339)
Total Fair Value Movement for Group for the Year Ended March 31, 2011	\$22,447,503	\$35,339	\$21,632,503	\$(850,339)

The investment properties have been valued based on a valuation performed by independent registered public valuer, Colliers International (Wellington Valuation) Limited as at March 31, 2012. The valuation basis used was open fair value and was carried out in accordance with the international valuation standards and in accordance with NZ IFRS IAS 40. The principal Registered Valuer for Colliers International (Wellington Valuation) Limited is Gwendoline P L Callaghan FPINZ FNZIV.

Islands

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 13: INVESTMENT PROPERTIES (at fair value) continued

	2012 \$	2011 \$
Makaro Scientific Reserve	60,000	60,000
Matiu Historic & Scientific Reserve	398,000	398,000
Matiu Lighthouse	21,000	21,000
Mokopuna Scientific Reserve	35,000	35,000
	<u>\$514,000</u>	<u>\$514,000</u>

NOTE 14: INVESTMENTS

The Parent and Group hold no term deposits as at March 31, 2012. The term deposit held with Kiwibank has been used to repay the term loan at March 31, 2012 (2011: \$6,800,000).

	Group		Parent	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 15: PROPERTY, PLANT & EQUIPMENT				
Description				
Office Equipment	85,067	25,029	-	-
Additions	7,302	60,037	-	-
Less Accumulated Depreciation	(60,051)	(35,318)	-	-
	32,318	49,748	-	-
Furniture & Fittings	133,657	84,266	3,389	-
Additions	6,466	52,196	5,943	6,194
Less Accumulated Depreciation	(47,421)	(26,075)	(3,267)	(447)
	92,702	110,387	6,065	5,747
Motor Vehicles	30,698	30,698	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(18,502)	(11,641)	-	-
	12,196	19,057	-	-
The Officers Mess—Leasehold Improvements	113,351	56,507	-	-
Additions	19,102	56,844	-	-
Less Accumulated Depreciation	(6,682)	(3,137)	-	-
	125,771	110,214	-	-
The Officers Mess Level 1—Fitout Costs	19,085	19,085	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(13,216)	(8,821)	-	-
	5,869	10,264	-	-
Corporals Club—Leasehold Improvements	26,282	6,553	-	-
Additions	-	19,728	-	-
Less Accumulated Depreciation	(1,291)	(518)	-	-
	24,991	25,763	-	-

Notes to the Financial Statements for the year ended March 31, 2012

	Group		Parent	
	2012	2011	2012	2011
	\$	\$	\$	\$
NOTE 15: PROPERTY, PLANT & EQUIPMENT continued				
Description				
Commanders Residence	10,224	10,225	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(6,052)	(4,911)	-	-
	4,172	5,314	-	-
Seminar Facility	21,484	-	-	-
Additions	-	21,484	-	-
Less Accumulated Depreciation	(905)	(269)	-	-
	20,579	21,215	-	-
Conference Equipment	10,098	10,098	-	-
Additions	1,250	-	-	-
Less Accumulated Depreciation	(8,336)	(5,267)	-	-
	3,012	4,831	-	-
TOTAL FIXED ASSETS	\$321,610	\$356,793	\$6,065	\$5,747

NOTE 16. OTHER LOANS

The Parent and Group hold no term loans at March 31 2012. The term deposit held with Kiwibank has been used to repay the loan at March 31, 2012 (2011: \$5,035,647 Kiwibank Term Loan).

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 17. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries

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

	Parent	
	2012	2011
<i>The Investment in subsidiaries comprises:</i>	\$	\$
Shelly Bay Limited	11,153,828	11,628,078
The Lodge at Shelly Bay Limited	138,846	164,832
Port Nicholson Block Management Limited	-	-
Lowry Bay Section One Limited	2,477,040	-
Port Nicholson Block Properties Limited	196	-
	\$13,769,910	\$11,792,910

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

Shelly Bay Limited

Carrying value at cost

Opening balance	14,360,083	14,258,622
Crown loan interest recharged from Parent	-	-
Other monies advanced/subsidiary expenses paid by Parent	40,250	101,461
Funds repaid/Parent expenses paid by the subsidiary	(40,000)	-
Closing balance	14,360,333	14,360,083

Impairment provision

Opening balance	2,732,005	2,369,854
Current year impairment expense	474,500	362,151
Closing balance	3,206,505	2,732,005
Carrying value of investment in subsidiary	\$11,153,828	\$11,628,078

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 17: INVESTMENT IN SUBSIDIARIES continued

	Parent	
	2012	2011
	\$	\$
The Lodge at Shelly Bay Limited		
<u>Carrying value at cost</u>		
Opening balance	343,513	62,961
Monies advanced/subsidiary expenses paid by Parent	100,950	280,552
Closing balance	444,463	343,513
<u>Impairment provision</u>		
Opening balance	178,681	30,530
Current year impairment expense	126,936	148,151
Closing balance	305,617	178,681
Carrying value of investment in subsidiary	\$138,846	\$164,832

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

Port Nicholson Block Management Limited

<u>Carrying value at cost</u>		
Opening balance	2,657,940	1,217,747
Monies advanced/subsidiary expenses paid by Parent	1,081,035	1,440,193
Closing balance	3,738,975	2,657,940
<u>Impairment provision</u>		
Opening balance	2,657,940	1,217,747
Current year impairment expense	1,081,035	1,440,193
Closing balance	3,738,975	2,657,940
Carrying value of investment in subsidiary	\$-	\$-

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

Lowry Bay Section One Limited

<u>Carrying value at cost</u>		
Opening balance	-	-
Monies advanced/subsidiary expenses paid by Parent	2,733,778	-
Closing balance	2,733,778	-
<u>Impairment provision</u>		
Opening balance	-	-
Current year impairment expense	256,738	-
Closing balance	256,738	-
Carrying value of investment in subsidiary	\$2,477,040	\$-

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 17: INVESTMENT IN SUBSIDIARIES continued

	Parent	
	2012	2011
	\$	\$
Port Nicholson Block Properties Limited		
<u>Carrying value at cost</u>		
Opening balance	-	-
Monies advanced/subsidiary expenses paid by Parent	1,505	-
Closing balance	1,505	-
<u>Impairment provision</u>		
Opening balance	-	-
Current year impairment expense	1,309	-
Closing balance	1,309	-
Carrying value of investment in subsidiary	\$196	-

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

Reconciliation of impairment provision for investment in subsidiaries

Opening balance	5,568,626	3,618,131
Current year impairment expense	1,940,518	1,950,495
Closing balance	\$7,509,144	\$5,568,626

NOTE 18. ACQUISITIONS OF SUBSIDIARIES

Port Nicholson Block Settlement Trust obtained control of the following subsidiaries in 2012:

- ◆ Lowry Bay Section One Limited
- ◆ Port Nicholson Block Properties Limited
- ◆ Education PNBST Limited

No other subsidiaries were acquired in 2012.

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 19. TRUSTEE REMUNERATION

Trustee remuneration paid during the year was as follows:

	2012	2011
	\$	\$
Professor Sir Ralph Heberley Ngatata Love (Chairman)	32,000	32,000
Sir Paul Alfred Reeves (Deputy Chairman—resigned 2011)	-	12,000
Neville McClutchie Baker	9,000	9,000
June Te Raumange Jackson	9,000	9,000
Dr Catherine Maarie Amohia Love	9,000	9,000
Rebecca Elizabeth Mellish	9,000	9,000
Mark Te One	9,000	9,000
Hon Mahara Okeroa (elected September 26, 2009)	9,000	9,000
Hokipera Jean Ruakere (elected September 26, 2009)	9,000	8,250
Hinekehu Ngaki Dawn McConnell (retired August 28, 2010)	-	4,175
Kevin Hikaia Amohia (retired August 28, 2010)	-	3,750
Te Rira Puketapu (elected August 28, 2010)	9,000	5,250
Peter Maru Love (elected August 28, 2010)	9,000	5,250
Less: Provision made in 2011	-	-
	\$113,000	\$124,675

NOTE 20. FINANCIAL INSTRUMENTS

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

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

The Parent and Group has exposure to interest rate risk on the Kiwibank borrowings. (2011: \$5,035,647 Kiwibank Term Loan).

Fair Value

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

Capital Management

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

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 21. RELATED PARTY TRANSACTIONS

(a) Parent and ultimate controlling party

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

The Parent is related to the following subsidiary entities	Principal activities	Interest held by Group	
		2012	2011
Port Nicholson Block Management Limited	Management of Operations	100%	100%
Shelly Bay Limited	Commercial Rental	100%	100%
The Lodge at Shelly Bay Limited	Commercial Rental	100%	100%
PNBC Limited	Treaty Negotiations	100%	100%
Lowry Bay Section One Limited	Commercial Rental	100%	-
Port Nicholson Block Properties Limited	Commercial Rental	100%	-
Education PNBST Limited	Project Management	100%	-

Lowry Bay Section One Limited, Port Nicholson Block Properties Limited and Education PNBST Limited were incorporated in 2011 and the Trust has held a 100% interest in the entities from this date. The details of the investment in subsidiaries detailed in Note 17.

All members of the Port Nicholson Block Settlement Trust Group are related parties of the Trust. During the year, the Trust has advanced loans to support its subsidiaries as required, and received loan repayments from its subsidiaries, in the normal course of business. Details of transactions between the Parent and subsidiary entities are disclosed in Note 17.

(b) Other related parties

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

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

(c) Transactions with related parties

Significant related party transactions included:

	Group		Parent	
	2012	2011	2012	2011
Rents	46,500	46,500	-	-
Project Management	64,083	150,571	-	-
	\$110,583	\$197,071	\$-	\$-

Notes to the Financial Statements for the year ended March 31, 2012

(d) Related Party Outstanding Debts

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

	Group	
	2012	2011
	\$	\$
Wharewaka o Poneke Charitable Trust	800,626	1,000,000
	\$800,626	\$1,000,000

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

All related party transactions have been on an arms length basis.

NOTE 22. CONTINGENT LIABILITIES AND COMMITMENTS

The Port Nicholson Block Settlement Trust has an agreement with Kiwibank to act as guarantor to the \$3,000,000 loan entered into by the Wharewaka o Poneke Charitable Trust on April 29, 2011. There are no other contingent liabilities or commitments as at March 31, 2012 (2011: \$77,430).

NOTE 23. SUBSEQUENT EVENTS

(a) Former Petone College

The Port Nicholson Block Settlement Trust has exercised its option under the Deed of Settlement to purchase the property known as “former Petone College”. The purchase of the property from the Crown is scheduled for settlement with the Crown on July 31, 2012. The settlement is being funded by a back to back agreement to enter into a long-term lease arrangement of the land from July 31, 2012. The agreements relating to the purchase and back-to-back agreement are subject to confidentiality provisions at the date of these financial statements

(b) 82 Moohan Street, Wainuiomata

The Trust and its wholly owned subsidiary company Lowry Bay Section One Limited have been in an ongoing dispute with a tenant on its property at 82 Moohan Street, Wainuiomata over the non-payment of rent. Lowry Bay Section One Limited applied to the High Court for summary judgment. The High Court delivered its judgment in favour of Lowry Bay Section One Limited on July 10, 2012 directing the tenant to enter into an ADLS lease at a rental to be agreed between the company and tenant, but which is to be based on market level with the lease to have a commencement date of January 17, 2011. If after 30 days from July 10, 2012 agreement has not been reached by the parties on the market level rental, the High Court will determine the rental. The exact amount of rental to be paid has not been finalised at the date these financial statements were completed and consequently no rental income has been accrued as at March 31, 2012.

NOTE 24: LEASE COMMITMENTS

	Group		Parent	
	2012	2011	2012	2011
	\$	\$	\$	\$
Not later than one year	25,311	64,365	-	-
Later than one year, not later than five years	-	25,311	-	-
	\$25,311	\$89,676	\$-	\$-

Independent Auditor's Report

Audit

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To the Stakeholders of the Port Nicholson Block Settlement Trust and Group

Report on the Financial Statements

We have audited the parent and group financial statements of Port Nicholson Block Settlement Trust (the "Parent") and its subsidiaries (the "Group") on pages 27 to 48, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income and statement of changes in trust capital for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibilities

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

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

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

Opinion

In our opinion, the financial statements on pages 27 to 48 present fairly, in all material respects, the financial position of the Parent and Group as at 31 March 2012, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
19 July 2012



PORT NICHOLSON BLOCK
SETTLEMENT TRUST

Elected Board of Trustees

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

Management Team

Kaumatua:	Sam Jackson
Trust Manager:	Aroha Thorpe
Executive Assistant:	Mere Tahuparae-Luinstra
Executive Administrator:	Tracey Betham
Receptionist:	Edie Monardez
Accounts Assistant:	Jane Dawson
Government Relations:	Mel Harrington
Liaison Officer:	Ben Ngaia
Liaison Officer:	Neavin Broughton
Waka Ama Coordinator:	Chris Fox

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PORT NICHOLSON BLOCK
SETTLEMENT TRUST

