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# PARENGARENGA INCORPORATION

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Annual Report 2017



**Parengarenga Incorporation**

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Annual Report • 2017

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# Strategic Plan Overview

## Mahere Rautaki

### Vision Statement

#### Tirohanga Whāioio

“A world class business of the land and sea;  
Growing our people and communities;  
Shaping the future of the Far North”

### Core Purpose

#### Te Aronga

Parengarenga - He Puna Oranga E rahi e!  
Serving our wellbeing to the world

### Core Values

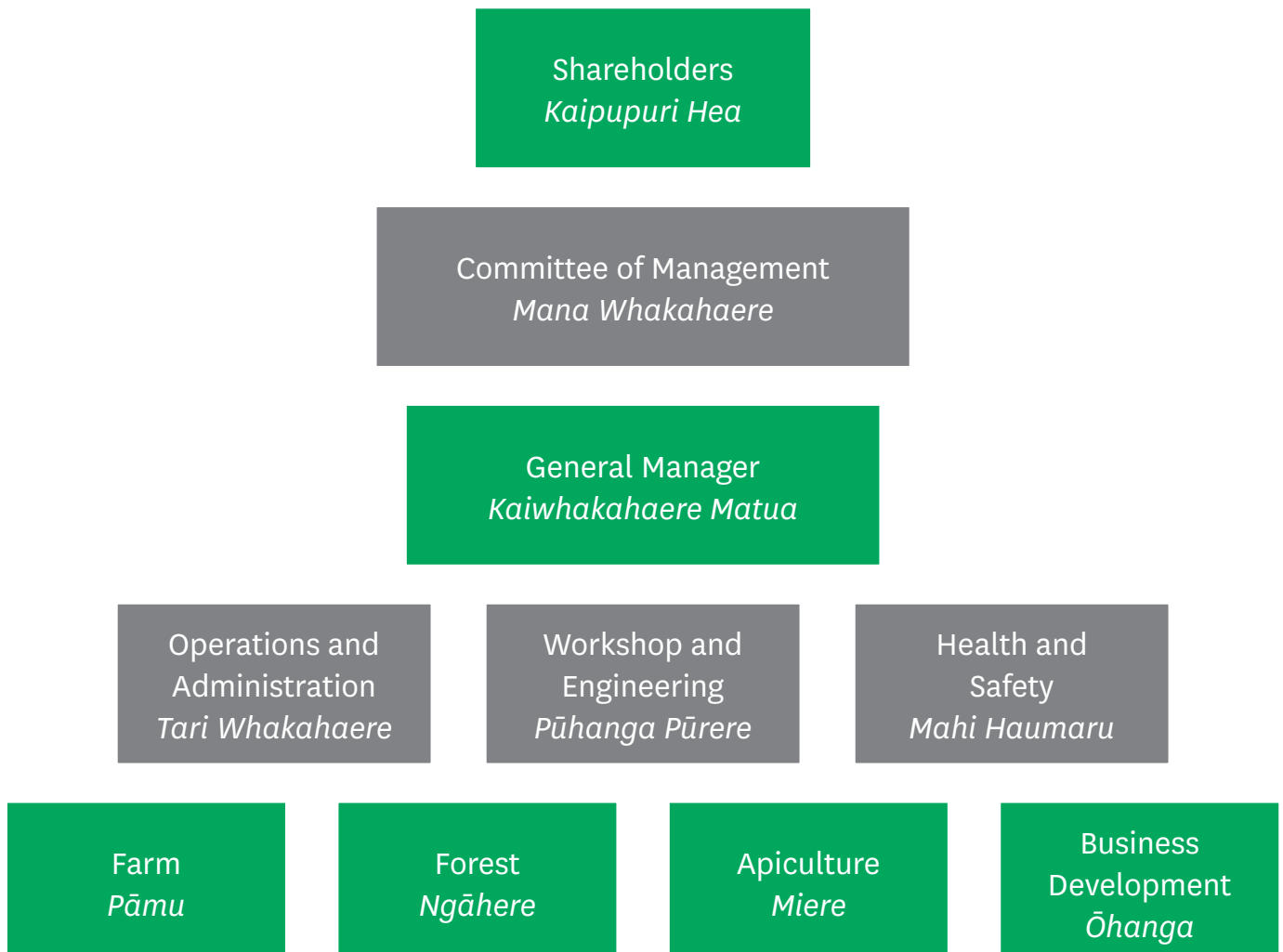
#### Ngākau Pono

Integrity, Professionalism, Manaakitanga,  
Rangatiratanga, Wairuatanga, Kotahitanga,  
Pukengatanga, Kaitiakitanga

### Big Hairy Audacious Goal (BHAG)

#### Tiro Tawhiti

By 2030, our premium quality brand will win at  
least one internationally cognised award and deliver  
1,000,000 Parengarenga units per year





# Agenda

- 9.00am**
  - **KARAKIA AND MIHI**
  - **APOLOGIES**  
Ngā Tono Aroha
  - **OBITUARIES**  
Ngā Maumahara
  - **CONFIRMATION OF PROXIES**

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- 9.45am**
  - **CONFIRMATION OF 2016 ANNUAL GENERAL MEETING MINUTES**  
Ngā Minitī 2016 kia Whakatūturutia

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- 10.30am**
  - **CHAIRMAN'S REPORT**  
Pūrongo o te Heamana
  - **ESTATE PRESENTATION**

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- 12.00pm**
  - **ANNUAL FINANCIAL ACCOUNTS**  
Ripoata Pūtea mo te Tau

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- 12.30pm**
  - **APPOINT AUDITOR AND SHARE VALUER APPOINTMENT**  
Whakaritenga Kaitaatari Pūtea me te Kaiwariu Hea
  - **RETURNING OFFICER AND SCRUTINEERS APPOINTMENT**  
Whakaritenga mo te Aapiha mo ngā Pōti me ngā Kaitirotiro
  - **ELECTION**  
Pōtitanga Komiti Whakahaere

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- 1.00pm**
  - **VOTING CLOSED**  
Kapinga o ngā Pōti
  - **LUNCH**  
TINA

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- 1.40pm**
  - **ELECTION RESULTS**  
Pānuitanga o ngā Pōti

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- 1.50pm**
  - **GENERAL BUSINESS**  
Ngā Take Whānui

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- 3.00pm**
  - **CLOSE**  
Mutunga

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# Notice of Motions

## Apologies

1. **THAT** the Apologies for the combined 2017 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

## Proxies (Confirmation of Proxies)

2. **THAT** the Proxies for the combined 2017 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

## Minutes (Confirmation of previous Annual General Meeting Minutes)

3. **THAT** the circulated Minutes of the previous combined Parengarenga A Incorporation and Parengarenga B3C Trust AGM held on 26th November 2016 be confirmed as a true and correct record.

## Reports

4. **THAT** the Chairman's Annual Report 2017 be adopted.
5. **THAT** the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2017 be adopted.

## Appointment of Auditor and Share Valuer

6. **THAT** PKF Francis Aickin Limited, Chartered Accountants of Kaitaia, be retained as Auditors for the Parengarenga A Incorporation for the 2017/2018 financial year and
7. **THAT** BDO Northland, Chartered Accountants of Kerikeri, be appointed as Share Valuers for the Parengarenga A Incorporation for the 2017/2018 financial year.

## Change of Incorporation Name

8. **THAT** the shareholders of Parengarenga A Incorporation and Parengarenga B3C Trust agree to the amalgamated block name be Parengarenga Incorporation.

## Setting of the next Annual General Meeting date

9. **THAT** the date be set down for Saturday 24th November 2018.





# Minutes

Of the combined Parengarenga Incorporation and B3C Trust  
Annual General Meeting held at Potahi Marae, Te Kao  
26th November 2016

**Start:**

9.18 am

**Opening Whakamoemiti:**

Joe Everitt

**Mihi:**

Joe Everitt, Maahia Nathan, Chad Paraone

**Committee of Management:**

Chad Paraone (Chairman), Ngainanga Kapa (Deputy Chair), Pereniki Conrad, Harry Kapa, Maahia Nathan, Clayton Wiki, Rihari Wiki

**Present:**

Anaru Rieper	Mita Cooper
Andrew Widdowson	Morehu Kaaka
Angela Edwards	Murphy Wiperi
Barry and Rita Carey	Nancy Wiperi
Boydie Palmer	Ngainanga Kapa
Chad Paraone	Pauline Wilton
Clayton Wiki	Pereniki Conrad
Cliff West	R G Witana
Deena Taylor	Rachel Karena
Dolly Desmond	Rangimarie Rameka
Duanne Golley	Richard Wiki
Gaye Leefe	Rihari Wiki
Gillian Harper	Ritihia Kereopa
Hinerangi Murray	Robert Everitt
Hiraina Mitai-Harris	Rosie Conrad
Hoana Karekare	Rowena Kapa
James Mani	Sally Golley
Jerry (Squid) Brown	Sandra Everitt
Joe Everitt	Simon Abraham
Joey Kapa	Simon Brown
John Slade	Tania good
Jon Brough	Te Arohanui Selwyn
Josephine Neho	Teira Wiki Whanau Trust
Kaa Maaka	Thomas Wiki
Kahi Harawira	Tiwha Everitt
Kaneihana Kaaka	Tony Brown
Ken Palmer	Tui Kapa
Lance Taylor	Victor Busby
Lawrence Vesetolu	Victor Harris
Maahia Nathan	Whiti Awarau
Maringinoa Wood	William Pouwhare
Mete Kaaka	Wino Waenga

**Apologies:**

Aaron Keepa Wetere	Maringinoa Otene
Ana Carpenter	Mark Nathan
Boroughdale Everitt	Matiu Kapa
David Henry Kaaka	Maudie Hughes
David Kapa	Meri Antonievic
Edward Creelman	Paihere Kaaka
Eliza Waenga	Phyllis Nathan
Erica Tahitahi	Pineaha Murray
Harry Kapa	Rima Matiu Kaaka
Helena Rewi	Robert Kaaka
Hone & Heramihiarangi Whanau Trust (Piki Moeau)	
Iona and Kareta Tatana Whanau	Russell Hockley
James Leat	Te Awhina Kaaka-Clarke
Karaka Wiki	Tireiniamu Kapa
Kay Watkinson WT	Toto Thompson
Keita Rangimarie Kaaka	Wahanui Maikara Kaaka
Linda Brown	Wairete Lundon Whanau
Lovi-Ann Murray	Winiata Brown
Luke Piripi Kaaka	Wiremu Conrad Kaaka

1. THAT the apologies of the 2016 combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting be accepted.

**Moved by** Tiwha Everitt

**Seconded by** Pauline Wilton

**Carried**



## Obituaries

Bill Nathan	Marian Brown
Brian Wi	Marsh Harowe
Charlie Petera	Meri Jones
Dere Johnson	Mike Burgoyne
Hera Te Hau	Ngapine Brown
Herepete Murray	Oswald Wiki
Heta Kapa	Peter Neilson
Iris and Tony Waru	Reewe Ihaka
Jack Abbott	Sir Graham Latimer
Kate Edwards	Richard Noble
Kiripounamu Pomare	Selwyn Nathan
Kiritokia Pako	Takimoana Harawira
Loda Subritzky Jnr	Tom Young
Maka Awarau	Violet West
Malakai Brown	Waata Brown
Malcolm Peri	Waata Petera
Maori Keepa Jnr	Whare Hiku
Margaret Karena	

2. A minute's silence be observed as a mark of respect for those who had passed on.

## Proxies

The number of eligible persons nominated did not exceed the number of members to be elected, therefore there is no need for an election and no need for proxies.

## Minutes

Confirmation of Previous Annual General meeting minutes:

3. **THAT** the Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 28th November 2015 as previously circulated be taken as read.

**Moved by** Tiwha Everitt

**Seconded by** Joe Everitt

**Carried**

4. **THAT** the Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 28th November 2015 be confirmed as a true and correct record.

**Moved by** Tiwha Everitt

**Seconded by** Joe Everitt

**Carried**

**Amendments:** Remove Maringinoa Wood from Apologies.

**Matters Arising:** There were no matters arising.

## Chairman's Report

The Chairman explained that due to personal reasons, Terry Walters resigned as General Manager and returned to Hawke's Bay to be close to his family. He acknowledged the former GM and the work he put in place for Parengarenga Incorporation. The Committee of Management set out to look for a new General Manager with a broad commercial experience in the sectors of interest to the Incorporation, including forestry, farming and aquaculture. The Chairman introduced the new General Manager, Jon Brough, whom the Committee of Management felt matched strongly against these criteria and were excited to bring on board.

### Key discussion points arising:

**Forestry** – Shareholders are aware that there will be no forestry income for a number of years. The Incorporation is currently looking for a forestry manager with the right motivation to help grow our own skill sets. The Incorporation's intention is to move away from getting outsiders in to manage our forest and instead to grow our own skill set to manage our own.

Hugh Ford gave an update on forestry activities in the Te Kao forest.

There was a small forest fire started by a local honey company which burnt 0.2 hectares. There was an extremely quick response to put out the fire and replant. The costs were ultimately met by the party responsible. The owner of the honey company stood to address the hui and acknowledge that it was his people who had started the fire, accepted full responsibility and apologised to the Incorporation and the shareholders. Shareholders thanked the owner for his accountability and accepted his apology.

**Helicopter Spraying** – Questions were raised about the use of helicopters spraying in the forest. There were concerns over the effect on beehives. Shareholders were advised that every effort is made to keep spraying contained and any affected parties are notified well before. A request was made that shareholders be informed of the contents of the spray. It was agreed that shareholders will be notified of this.

**Employment** - The issue of local contractors being overlooked for forestry contract work was raised. Hugh Ford (Hancock Forest Management (NZ) Ltd) explained that they have been working with one company who not only maintains the firebreaks and vegetation control but who also provide a plants crew. Moving forward, the Incorporation expects to meet with local contractors to explore how to handle this in future in a transparent manner.

**Farming** – The two farms Te Rangi Station and Paua Station have now been combined as one and is now trading as Parengarenga Station. Duanne Golley has been appointed as Farm Manager for Parengarenga Station. The former GM, Terry Walters, had put in place a two-year development plan to get the farms into a position that provide income to sustain Incorporation operations until the forest income starts up again.

Duanne Golley addressed the hui and explained the development plan which has started with infrastructure and sub-divisions. Duanne noted that this has brought about positive improvements already, with the stock putting on weight faster, and able to be sold earlier.

In 2016, there was a big overhaul of the Health & Safety legislation. The Committee of Management and managers are



now personally responsible and liable for any Health & Safety issues. Questions were raised about the health and safety impact of employees being expected to work long hours, and whether staffing numbers were sufficient. The Chairman noted the concern and explained that this is something the Farm Manager and General Manager will need to work through, in terms of the balance of employee numbers and farm work required to get the farms running efficiently.

**Conservation** – The Incorporation’s stance on environmental matters was queried. It was explained that the Incorporation is sensitive to the importance of waterways and the harbour to shareholders and the local community, and has been working for some time with the Regional Council and others (such as Nga Whenua Rahui) to protect and fence off water ways, scrub and swamp areas.

**Drug Policy** – A small number of ‘positive’ test results were dealt with by the Incorporation, with a priority focus on ensuring a safe working environment and culture for staff and management, and discouraging unsafe behaviour.

**Honey** - The Incorporation and locals were thanked by a local honey business owner for supporting his business, with interest in being included in discussions and training around fire safety in and around Parengarenga land.

**Amalgamation** – For years now, the Incorporation has been working on amalgamating Parengarenga A Incorporation and Parengarenga B3C Trust. The proposed amalgamated share register data has been sitting with the Maori Land Court for approval. It is hoped that this will be completed by the Court in time for the 2017 AGM.

**Te Pua facility** – Parengarenga Incorporation has secured a funding grant for commercial advisory support to consider future options for the ex-fish farm facility. The new GM also has previous experience knowledge the aquaculture industry. This provides the Incorporation with some resource and capability to investigate how to best utilise this asset.

**Te Runanga Nui o Te Aupouri Trust** – the Incorporation has met a couple of times with the Runanga about how can we work together, we have similar beneficiaries and similar activities.

**Sponsorship** – the Incorporation supports a number of local groups including Te Kura o Te Kao, Te Piri o Waimirangi Kohanga Reo and Aupouri Rugby Football & Sports Club.

**5. THAT** the Chairman’s annual report of 2016 be adopted.

**Moved by** Maringinoa Wood

**Seconded by** Tiwha Everitt

**Carried**

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### Audited Accounts

**6. THAT** the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited accounts for the year ending 30 June 2016 be adopted.

**Moved by** Tui Kapa

**Seconded by** Clayton Wiki

**Carried**

### Appointment of Auditor and Share Valuer

**7. THAT** PKF Francis Aickin Limited Chartered Accountants of Kaitiāia be retained as Auditors for the Parengarenga A Incorporation for the 2016/2017 financial year.

**Moved by** Maringinoa Wood

**Seconded by** Tui Kapa

**Carried**

**8. THAT** BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Parengarenga A Incorporation for the 2016/2017 financial year.

**Moved by** Maringinoa Wood

**Seconded by** Tui Kapa

**Carried**

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### Election of Members to the Management

As the number of eligible persons nominated did not exceed the number of members to be elected, the Chairperson declared that Harry Kapa and Maahia Nathan are appointed to the Committee of Management of Parengarenga Incorporation.

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### General Business

**New General Manager** – The Chairman introduced the new General Manager, Jon Brough, who spoke to the hui. A number of shareholders stood to welcome the new GM.

**Vision** – The Chairman explained the background to the vision statement that has been used by the Incorporation for some years now, capturing the core business and future focus of Incorporation. A business of the Land and the Sea, growing our people and shaping the future of the Far North.

**Strategic Direction** – There was discussion about the Incorporation’s strategic plan and opportunity for shareholder input to future planning process.

**Succession planning** – The Chairman noted that the Committee of Management has been considering options to grow the pool of people with experience and interest in standing as a future member of the committee of management. Those who have an interest were asked to make contact with the Incorporation. One option being looked at is to appoint “shadow” members, who attend meetings and build their knowledge of the Incorporation business and issues.

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### Setting of the next Annual General Meeting Date and Closing

**9. THAT** the date be set down for Saturday 25th November 2017.

**Moved by** Ngainanga Kapa

**Seconded by** Tui Kapa

**Carried**

**Mihi:** Chad Paraone

**Closing Karakia:** Joe Everitt

**Meeting finished:** 12.06 pm





# Chairman's Report 2017

E kua ma, e koro ma, e rau rangatira ma, nei ra te mihi ki a koutou katoa, nga kaipupuri-hea o te waka nei, ara, te Parengarenga Incorporation. Kua oti pai nga mahi na te tau kua pahure ake. Anei ra he korero hei whakamarama ake nga mahi kua mahia me nga hua kua puta mai.



“...we continue to see steady growth in our net assets, our cash flow and the benefits we see we will be able to provide our shareholders.....”

**Mr Chad Paraone**, Committee of Management - Chairman

The 2016-17 year has been one of development for Parengarenga Incorporation. With Jon Brough starting in the General Manager role last September, we took the opportunity to review and revise our strategic direction, which has led to changes in how the business of the Incorporation is managed in farming and forestry, and opened up new areas of investigation and possible development.

## Strategic Plan

### ***Parengarenga, He Puna Oranga, E Rahi E!***

*(Serving our wellbeing to the world)*

In March this year, the committee of management, staff, strategic partners, shareholders and members of various business sectors worked over two days to refresh the long term strategic direction and priorities for the Incorporation. As a result, there is great clarity on the long term vision, and the shorter term action priorities to get us there.

The statement in italics above is our agreed core purpose. It reflects our location, the historical abundance of Parengarenga, and also signals the role our wood, wool and food products play in the lives of our people and people in the international marketplace.

The plan reflects Parengarenga's active engagement in farming and forestry sectors. It picks up on our interest in beekeeping, particularly with the cross-sectoral opportunities that exist across farm and forest and looks to develop this. It also places priority on exploring opportunities in both horticulture and tourism. The plan informs our annual objectives and 90-Day action plans.

One of our key messages is that the Incorporation seeks to develop and manage a balanced portfolio of business interests, to support the delivery of benefits to our shareholders.

## Financial

Parengarenga Station, the prime source of income for the Incorporation until forestry harvesting re-commences, delivered a net profit before taxation of \$532,000 (a significant improvement over the \$343,000 loss the previous year).

After taking into account, income and expenditure related to forestry, leases and other business investigations, the Incorporation made an overall net loss after tax of (\$195,000) for the 2016/17 year. This was not unexpected. We will continue to manage costs and new developments with care until forest harvesting and the associated revenue streams get underway again.

It is pleasing to report the strengthening of our Balance Sheet, with net assets increasing to \$52 million, up from \$38 million last year. This includes an updated current value of \$20 million, up from \$4 million, of our Parengarenga forest. This provides shareholders with a better indication of the value of our forestry assets.

During the year, we also repaid the remaining \$3 million of fish farm debt with the BNZ. This means we have no long term debt, giving the Incorporation the flexibility and security to look at new opportunities and ventures.

Shareholders should note that the Incorporation contributed approximately over \$2 million to the local community and economy in 2016/17, through wages and the purchases of goods and services.

A consolidated set of accounts are provided in this AGM book. A copy of the full set of accounts are available to Parengarenga shareholders through the office.

## Forestry

During the year, our General Manager and lead member for Forestry, Mr Rihari Wiki, led a rigorous review of our planned forestry management requirements and how these would be met. As a result, three key points emerged.



“..... we are delighted that by taking a lead position in the management of our own forestry we have been able to establish total transparency around costs and opportunities.....”

**Mr Rihari Wiki**, Committee of Management - Forestry



Firstly, we made the decision to reduce our reliance on external forestry management companies and to develop more of the expertise within the Incorporation. This starts us on the long-term track of management of our own forestry assets, which maximises opportunities and returns for the Incorporation. This started with the hiring of our own Forest Manager. A visit to Te Manawa o Tuhoē (who has been down this path ahead of us) was productive in learning about the challenges and opportunities involved.

Secondly, we have remodelled our harvesting plan with the result that we now expect to re-commence harvesting in four years from now, rather than eight. This brings cashflow to the Incorporation earlier than expected, and harvesting business opportunities to the community.

Thirdly, investigation into harvesting of windbreaks on the farm, shelterbelts and thinning in the Parengarenga forest offers opportunity for additional revenue to assist with meeting costs over the next 2 – 3 years. Thinning and harvesting is expected to be underway by the time of the AGM.

### Farming

A new farm management team structure was introduced to support the Station Manager and allowing greater focus on key areas of farm performance through people, productivity and profitability. Duanne Golley (Station Manager) is now supported in farm management capability by Johnny Everitt (Pasture Supervisor) and Ian Smith (Facilities Supervisor)



“we have a solid team of farm staff who have all engaged with the challenge of growing Parengarenga Station to a position of international recognition .....

**Mr Pereniki Conrad**, Committee of Management – Farming.

Significant developments over the year include:

- The Soil & Pasture Development Team was formed to create and monitor a development plan for Parengarenga Station, which is underway through extensive soil testing that will enable a highly targeted pasture development regime.
- High level transparency achieved through a tender system designed for purchases of commodity products & services and the sale of store animals from farm.
- Continued developments in fencing and water reticulation to allow greater access to rotational grazing of higher-producing pasture around the farm.

We continue to be part of the Te Hiku Red Meat Farming collaboration, which was successful in gaining funding from the Ministry for Primary Industries and Te Puni Kokiri to support the collective over a two year period to enhance farm production and explore means of gaining value beyond the farm gate.

We are also working with others to actively investigate a ‘whole animal value’ strategy. This involves a group of strategic business and technology partners seeking to work together to grow top quality animals and to maximise the use of every part of the animal. Our aspiration is to generate the greatest value we can for our products, for the Incorporation, and for shareholders.

### Apiculture (bees)

We have started on a medium-term journey in the apiculture sector. Discussions with key players in the north has led to a developing relationship with Kauri Park Nurseries Ltd, which will provide access to bee-keeping knowledge and Northland-specific Manuka.



“...this is a new commercial sector for the Incorporation so it is important for us to gain knowledge and capability as quickly as possible and position ourselves for the best possible growth of this sector.....”

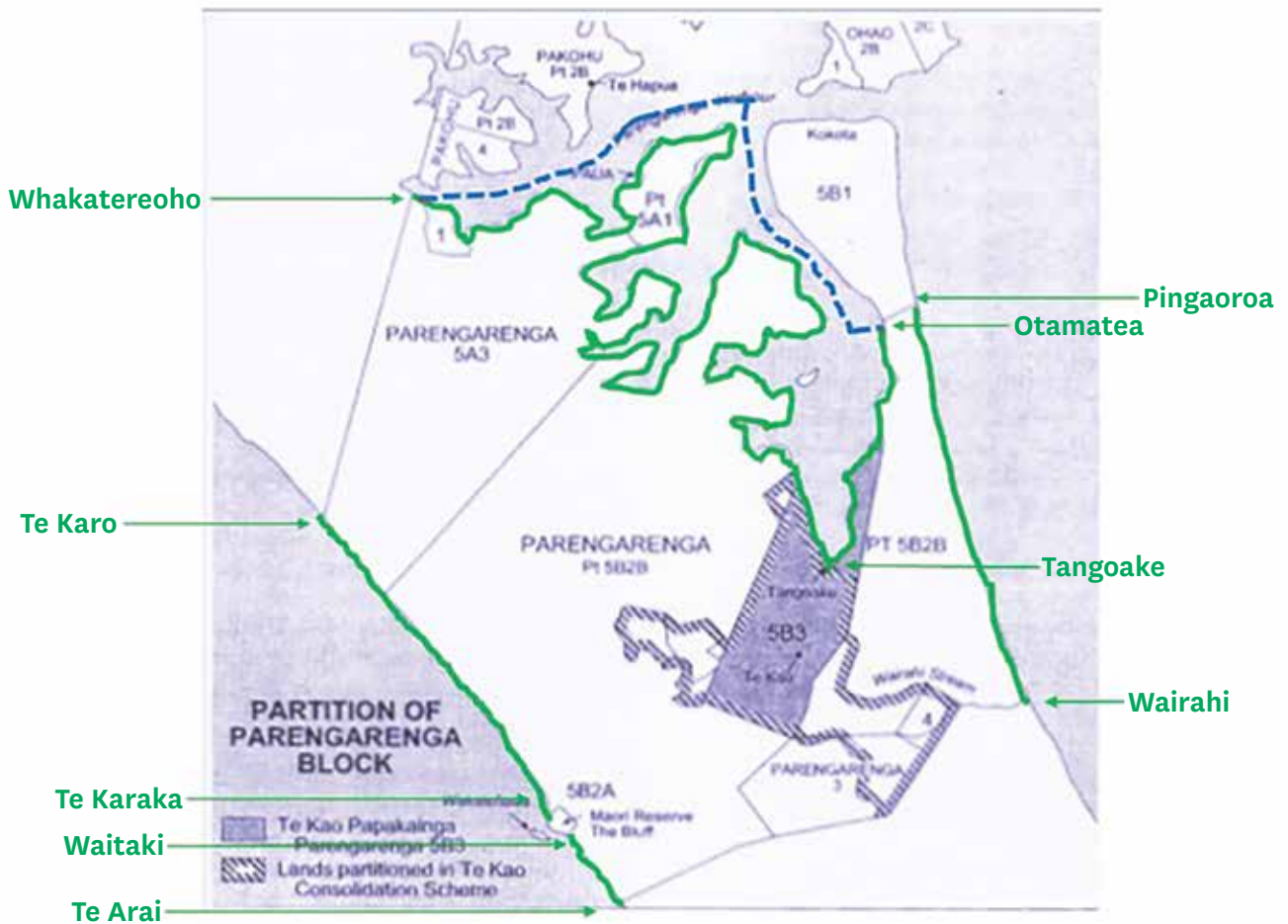
**Mr Clayton Wiki**, Committee of Management – Business Development

Kauri Park are one of the largest native tree nurseries in the North Island. They have an apiculture business sector and are growing quickly by positioning high-value Manuka health products in the international market place. We have appointed a beekeeper to work alongside Kauri Park Nurseries.

We have also planted 110,000 native trees this year, to assist with our environmental efforts to protect water quality, and to enhance our apiculture and tourism sector opportunities.

### Innovation

Investigations are underway into opportunities to make use of waste pine wood to produce Biochar, or charcoal, to enhance our soil structures. We are also looking into the development of a full composting programme (for the farm) from the use of waste pine wood. Both areas offer exciting opportunities to make use of the waste wood from the forest, in a way that supports our whenua kaitiakitanga and also delivers commercial benefit to the Incorporation. It is very early days yet in the investigation process.



**Amalgamation of A and B register**

This process is still awaiting final sign off from the Maori Land Court. Once they have issued a determination, we can confirm share certificates to shareholders with your shareholdings under the amalgamated share register.

**Takutai Moana**

As noted in our recent newsletter, we have applied for recognition of the foreshore and seabed interests of Parengarenga shareholders and associated iwi. Our application is specific to those coastline and inner harbour areas that border Parengarenga Incorporation land (see attached map). With over 300 applications made nationally, many with overlapping interests, the process is expected to be quite slow. We anticipate hearing from the Crown/ High Court on our application around March 2018.

In closing, I wish to acknowledge and thank the committee of management for guiding the Incorporation throughout 2016/17, particularly those at home who shouldered a greater share of the load. I extend these thanks to Jon Brough, our new GM, who relocated to the north to take on this role, and has brought significant ideas, energy and rigour to the Incorporation and been a key driver of change to help lift the Parengarenga game.

We also acknowledge and are grateful for the advice and assistance received from experienced hands in 2016/17, including John Woodward, Winiata Brown, Herbie Subritzky and Mark Nathan. Roles have since changed, but the support was real and we thank you for that.

E rere tonu nga mihi ki a Duanne Golley, our Station Manager, his management team and staff. The people who keep it real and make it happen on the ground.

To Gillian and Nik in office, Angela and the team from BDO, and other business partners from the Council and beyond, thank you all for your support throughout the year and contribution to the future of Parengarenga Incorporation.

Naaku iti noa,

**Chad Paraone**, Chairman



# Statistics



**5,126**  
Cattle



**10,000**  
Sheep



**120,000**  
Native trees planted



**4,900**  
Hectares in forest



**340**  
Hives



**3,500**  
Shareholders



# Financial Summary

## Parengarenga Incorporation

For the year ended 30 June 2017

The following pages provide a consolidated statement of financial performance for Parengarenga Incorporation and its subsidiaries for the year ended 30 June 2017.

**A full copy of the audited accounts is available from the Parengarenga Incorporation office.**





## Consolidated Summary Financial Statements

Parengarenga Incorporation For The Year Ended 30 June 2017	2017	2016
<b>Income</b>		
Beef Cattle, Sheep & Wool Gross Profit	2,800,769	3,134,375
Other Income	176,459	453,456
Non Cash Income	325,625	2,065,052
<b>Total Income</b>	<b>3,302,854</b>	<b>5,652,884</b>
<b>Gross profit</b>	<b>3,302,854</b>	<b>5,652,884</b>
<b>Direct expenses</b>		
Farm Working Expenses	819,487	1,258,250
Forestry Expenses	18,392	129,975
Repairs & Maintenance	305,382	587,717
Vehicle Expenses	152,087	179,469
Staff Expenses	929,590	1,155,277
Administration Expenses	262,457	250,271
Standing Charges	524,459	574,754
Non Cash Expenses	456,940	310,000
<b>Total Direct Expenses</b>	<b>3,468,794</b>	<b>4,445,713</b>
<b>Net profit (loss) from trading before taxation</b>	<b>(165,941)</b>	<b>1,207,171</b>
<b>Less Taxation</b>		
Taxation	(29,761)	(66,575)
<b>Total Less Taxation</b>	<b>(29,761)</b>	<b>(66,575)</b>
<b>Net profit (loss) for the year after taxation</b>	<b>(195,701)</b>	<b>1,140,596</b>

## Consolidated Statement of Movements in Equity

Parengarenga Incorporation For The Year Ended 30 June 2017	2017	2016
<b>Equity</b>		
Profit/(loss) for the Period	(195,701)	1,140,596
Asset Revaluation	14,042,841	19,509
Movement in Reserves	-	485,518
Equity at Beginning of Year	38,456,795	36,811,172
Equity at End of Year	52,303,934	38,456,795
made up of:	-	-
Equity Attributable to Owners	52,656,179	38,806,184
Portion Attributable to Minority Interest	(352,245)	(349,389)



# Consolidated Balance Sheet

Parengarenga Incorporation  
As at 30 June 2017

30 JUN 2017

30 JUN 2016

## Assets

### Current assets

Cash and short-term deposits	485,514	3,606,588
GST receivable	93,228	54,836
Accounts Receivable	22,299	114,914
Livestock on Hand	6,625,918	5,985,162
Prepayments	14,801	41,231
Taxation	22,591	(15,681)
<b>Total Current assets</b>	<b>7,264,351</b>	<b>9,787,050</b>

### Non current assets

Property, plant and equipment	24,961,869	28,658,238
Investments	289,055	304,217
Intangible Assets	2,888	2,888
Tree Crop at Valuation - A Inc	20,859,000	4,100,000
<b>Total Non current assets</b>	<b>46,112,812</b>	<b>33,065,344</b>

### Total Assets

53,377,163

42,852,394

## Liabilities

### Current liabilities

Trade Accounts Payable	248,673	205,366
Hire Purchase - Current Portion	23,798	40,059
<b>Total Current assets</b>	<b>272,471</b>	<b>245,425</b>

### Non current liabilities

Taharoa C Block Development Project	-	325,625
Loan - Term Portion	-	3,000,000
Hire Purchase	(92)	23,700
Te Tumu Paeroa - Share Purchase	800,850	800,850
<b>Total Non current liabilities</b>	<b>800,758</b>	<b>4,150,175</b>
<b>Total Liabilities</b>	<b>1,073,229</b>	<b>4,395,599</b>

### Net assets

52,303,934

38,456,795

## Equity

Retained earnings	18,660,105	18,852,950
Capital Reserves	2,044,183	2,044,183
Asset Revaluations	31,951,891	17,909,050
Portion Attributable to Minority Interest	(352,245)	(349,389)
<b>Total Equity</b>	<b>52,303,934</b>	<b>38,456,795</b>



# Notes to the Consolidated Financial Statements

## Parengarenga Incorporation For the year ended 30 June 2017

### 1. Statement of Accounting Policies

#### Reporting entity

Parengarenga Incorporation ("the group") comprises of Parengarenga B3C Trust, Parengarenga A Incorporation and its subsidiary Parengarenga Fishfarm Limited. Parengarenga A Incorporation and Parengarenga B3C Trust are Maori incorporations established under Te Ture Whenua Maori Act 1993. The group holds a 96.71% interest in Parengarenga Fishfarm Limited being a limited liability company established under the Companies Act 1993.

#### Basis of preparation

These consolidated financial statements have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants. The Trustees/Directors have determined that this is the most appropriate reporting framework. They are a for-profit entity, not required under legislation or constitution to prepare general purpose financial reports therefore are eligible to elect to apply the NZICA special purpose framework.

The financial statements have been prepared for:

- the entity's owners;
- Inland Revenue; and
- the entity's financiers.

#### Nature of business

The incorporation is engaged in Farming / Leasing / Forestry. The nature of the incorporation's business has not changed during the year under review.

#### Historical cost

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. Reliance is placed on the fact that the business is a going concern.

Accrual accounting is used to recognise expenses and revenue when they occur.

#### Changes in accounting policies

There have been no changes in accounting policies. All accounting policies have been applied on bases consistent with those used previous years.

#### Accounts receivable

Accounts receivable are stated at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Included in the accounts receivable is an amount of \$1,350 relating to Licences to Occupy that has been long outstanding. The Trustees are still continuing to pursue the repayment of this debt.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the incorporation and revenue can be reliably measured.

Sales of goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of goods to the customer.

Lease income is recognised on a straight line basis over the life of the lease.

Forestry income is recognised on sale or harvest of the forest.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of nonrefundable tax credits.

Government grants are recognised as revenue on receipt where no performance conditions have been specified on receipt of the grant.

Royalty revenue is recognised on receipt.

#### Livestock

Livestock is measured at Herd & NSC values as issued by Inland Revenue. Change in Herd Scheme Value gains and losses are recognised in the livestock revaluation reserve. If the revaluation reserve has a deficit for a type of livestock, that deficit is recognised in the Statement of Profit or Loss in the period that it arises. Any revaluation surplus that reverses previous revaluation deficits in subsequent periods is recognised as revenue in the Statement of Profit or Loss. The gains or losses due to livestock number changes are recorded directly in the Statement of Profit or Loss.

#### Functional currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.





## Investments

Investments in subsidiaries are recognised at the lower of cost or net asset backing. Increases in fair value are recognised in the asset revaluation reserve, decreases in fair value are recognised in the asset revaluation reserve to the extent that there is a reserve balance in relation to the asset. If the fair value of the asset falls below cost this is recorded as an impairment in the profit and loss.

Shares have been revalued to current market values.

	Quantity	Cost	Year Purchased	Market Value
Balance Agri-Nutrients	32,097	\$193,038	1997-2008	\$259,986
SFF Ltd - Ordinary	33,694	\$47,117	2009-2010	\$17,521
Farmlands	11,548	\$11,548	1997-2010	\$11,548

Issue Capital	2017	2016
1,146,766 ordinary shares, fully paid (2016: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2016: 3,261,000)	4,465,716	4,465,716

## Financial instruments

### Financial Assets

At initial recognition the incorporation determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are initially measured at fair value, estimated at the transaction price less any associated transaction costs.

### Amortised cost

Amortised cost includes assets where the incorporation intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

### Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

### Fair value

Financial assets not held at amortised value or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at prior year's fair value less any accumulated impairment loss.

Increases in fair value are recognised in the asset revaluation reserve, decreases in fair value are recognised in the asset revaluation reserve to the extent that there is a reserve balance in relation to the asset. If the fair value of the asset falls below cost this is recorded as an impairment in the profit and loss.

### Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Interest expenses are recognised in profit or loss on an effective yield basis.

### Intangible Assets

Intangible assets include ETS carbon credits and are carried at cost.

### Exceptional items

Exceptional items are large income and/or expense items that do not arise as a result of normal business operations and are not expected to recur. Exceptional items are disclosed separately in the statement of profit or loss where the total value exceeds 5% of revenue.

### Goods and services tax

The financial statements are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable, which are stated inclusive of GST. The entity is group registered for goods and services tax (GST).

### Comparative figures

The comparative figures shown are for a twelve month period.



## Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Depreciation is provided at the maximum rates permitted by the Income Tax Act 2007.

Land and Buildings vested to Parengarenga A Incorporation under the Te Ture Whenua Maori Act 1993 have been revalued to the Government valuation dated 2017 as specifically allowed by the NZICA SPFR standards. The transfer of the land as freehold

property is for a total land area of approximately 6.248 hectares, with the date of transfer (with no consideration) being 14 March 1965. Valuations take place with intervals no greater than 5 years.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by Inland Revenue. Assets estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

Buildings	0-30%	diminishing value
Development	3-20%	diminishing value
Land	0%	diminishing value
Office Equipment	18-60%	diminishing value
Plant & Equipment	8-67%	diminishing value
Vehicles	18-36%	diminishing value

Land vested to the Parengarenga B3C Trust under the Te Ture Whenua Maori Act 1993 has been revalued to the government valuation dated 2017. The transfer of the land as freehold property is for a total land area of approximately 9,842 hectares, with the date of transfer (with no consideration) being 16 August 1991. The total land area relating to the B3C freehold farms (included in the above) is 5,805 hectares. The Maori Land Court has approved the portioning out to approximately 257.7 hectares known as Ngatekawa included in the above total.

Buildings transferred from the Maori Trustee (1992) have been valued at their 1992 insurance indemnity value less depreciation. Allowance has been made for the revaluation of improvements to the valuation dated 2017.

The total pastoral area of Parengarenga B3C Trust is 4,288 hectares, and has a valuation (2017) of \$13,900,000.





# Parengarenga A Incorporation's Share Valuation

## Statement Pursuant To Section 278(4) Of Te Ture Whenua Maori Act 1993

The Parengarenga A Incorporation valuation includes the net assets of:

### (i) Forestry & Leasing

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2017.

#### Asset Valuation

The method of valuation of fixed assets is as follows:

- (a) **Land & Improvements** – 2017 government valuations
- (b) **Other fixed assets** (including plant) – cost less accumulated depreciation
- (c) **Tree crop valuation** – independent market value undertaken July 2017

#### Share Valuation

Parengarenga A Incorporation	\$22,587,419
Total Net Assets	\$22,587,419
Number of Shares	3,261,000
Net Assets per Share	\$6.93
<b>Value Per Share</b>	<b>\$6.93</b>

The Parengarenga B3C Trust valuation includes the net assets of:

- (ii) **Forestry Leasing and Royalties**
- (iii) **Farming Operations**

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2017.

#### Asset Valuation

The method of valuation of fixed assets is as follows:

- (d) **Land & Improvements** – 2017 government valuation
- (e) **Buildings** – 2017 government valuation less accumulated depreciation
- (f) **Other fixed assets (including plant)** – cost less accumulated depreciation

Livestock has been valued at the 2017 National Average Market Values released by the Inland Revenue.

#### Share Valuation

Parengarenga B3C Trust Net Assets per the financial statements	\$29,898,978
Less: Livestock valuation per financial statements	(\$6,625,918)
Plus: Livestock valuation at 2016 NAMV	\$7,664,420
<b>Total Net Assets</b>	<b>\$30,937,480</b>
Number of Shares	1,146,766
Net Assets per Share	\$26.98
<b>Value Per Share</b>	<b>\$26.98</b>

It must be recognised there are special factors governing the Parengarenga Incorporation share values as there are several restrictions on the selling, purchasing and transfer of shares in Maori Incorporations (Section 264 and 268 of Te Ture Whenua Maori Act 1993).

Yours faithfully

**A Edwards BBS C.A.**  
Share Valuer

Dated: 2nd November 2017



## Vision *Tirohanga Whaioio*

*A compelling glimpse of the future*

### Vision Statement

He Umanga Maori no te whenua me te moana, e rongonuita ana huri noa te ao. E whakapakari ana I to tatou iwi, me nga hapori, me te waihanga noki I tetahi huarahi e anga mua ai nga iwi o Te Hiku o te ika.

*A world class business of the land and sea, growing our people and communities, shaping the future of the Far North.*

## Core Purpose *Te Aronga*

Parengarenga

He Puna Oranga

E rahi e!

*Serving our wellbeing to the world.*

## Core Values *Ngakau Pono*

- **Te Pono ki te kaupapa**. . . . . Integrity
- **Te u ki te kaupapa**. . . . . Professionalism
- **Manaakitanga**. . . . . showing respect, generosity and care for others
- **Rangatiratanga**. . . . . chieftainship, ownership,
- **Wairuatanga**. . . . . spirituality
- **Kotahitanga**. . . . . unity, togetherness, solidarity, collective action
- **Pukengatanga**. . . . . teaching, preserving and creating Maori knowledge
- **Kaitiakitanga**. . . . . guardianship, stewardship, trusteeship

## Big Hairy Audacious Goal (BHAG)

*Tiro Tawhiti*

“By 2030, our premium quality brand will win at least one internationally recognised award, and deliver 1,000,000 Parengarenga Units per year.”



## Key Capabilities

Farm	Forestry	Apiculture
Use of technology, farm management	Research and Development on optimisation	Starting from scratch
Enhanced water care	OSH	Threat management
Pasture improvement	Contract management	Feasibility study
Soil expertise	Consistent wood quality	JV management
Genetic improvement	Logging strategy	Hive management
General upskilling of workers	Pruning and thinning	General training
Environmental management	Relationship management	
Good advisory expertise	Species management	
Relationship management	Collaboration with iwi on processing and roading	
Animal welfare	General upskilling and training	
OSH	By-product management	

## Key Capabilities

Aquaculture	Tourism	Entire Incorporation
Feasibility study (ensure no clash with tourism)	Hospitality	Research on next business streams
Network with NZ industry	Market research	Governance – resource allocation and data management
Regulatory affairs	Network/relationship management	Organisational structure
NZTE – expert	Collaboration and JVs	Environmental management
Facilities management	Year-round facilities	Permanent office
Energy management	MICE	History/back story/ brand development
Nutrition	Site optimisation	OSH management
Species analysis and end use	R&D – feasibility studies	Technology management
	Activities – JVs	
	Roading - Council	



## 3 Year Goals

- Maximise the profit potential of the existing businesses in Farming and Forestry.
- Set up a fully functioning, profitable Apiculture business.
- Complete a business plan for all Incorporation business sectors operating in our rohe.





# Notes



**Parengarenga Incorporation**

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