

Pārengarenga Incorporation



# Annual Report 2019

## *Pūrongo 2019*

**Pārengarenga Incorporation**

6636 Far North Road, RD4, Kaitaia 0484

Tel +64 9 409 7831 | Freephone 0800 PARENGA (727 364) | Email [info@parengarenga.co.nz](mailto:info@parengarenga.co.nz)





“Tāwhitirahi” nā, Te Kura o Te Kao



**Pārengarenga Incorporation**

Annual Report • 2019

3	Strategic Plan Overview
4	Agenda
5	Notice of Motions
6	Minutes of 2018 AGM
10	Chairman's Report 2019
12	Te Kao Forest Lease Report
15	Financial Summary

*Special thanks to the students of Te Kura o Te Kao for their beautiful artwork*



# Strategic Plan Overview

## Mahere Rautaki

### Vision Statement

#### Tirohanga Whāioio

“Growing our people and communities, shaping the Te Hiku future, through a world-class, sustainable enterprise of the land and sea.”

### Core Purpose

#### Te Aronga

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

### Core Values

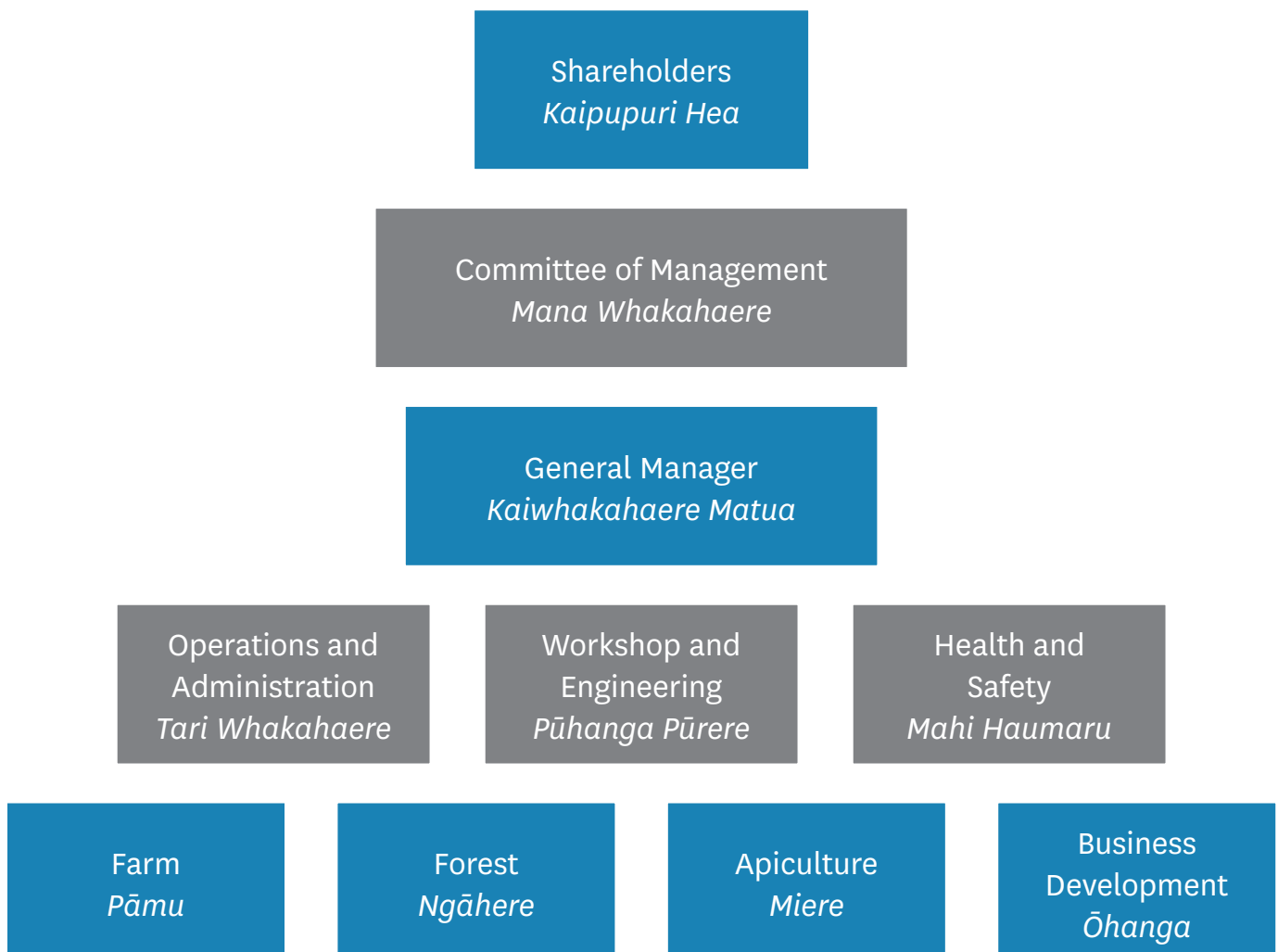
#### Ngākau Pono

Te Pono ki te kaupapa, Te ū ki te kaupapa,  
Manaakitanga, Rangatiratanga, Wairuatanga,  
Kotahitanga, Pūkengatanga, Kaitiakitanga

### Big Hairy Audacious Goal (BHAG)

#### Tiro Tawhiti

By 2030, we will give back to our community \$1m every year [earned by selling our premium brands to the world].





# Agenda

## Rārangi Take

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

---
- 9.45am**
  - **MANAGEMENT COMMITTEE ELECTION**  
Pōtitanga Komiti Whakahaere

---
- 10.15am**
  - **CONFIRMATION OF 2018 ANNUAL GENERAL MEETING MINUTES**  
Ngā Minitī 2018 kia Whakatūturutia

---
- 11.00am**
  - **CHAIRMAN'S REPORT**  
Pūrongo o te Heamana

---
- 12.30pm**
  - **ANNUAL FINANCIAL ACCOUNTS**  
Ripoata Pūtea mo te Tau
  - **APPOINT AUDITOR AND SHARE VALUER APPOINTMENT**  
Whakaritenga Kaitaatarī Pūtea me te Kaiwariu Hea

---
- 1.00pm**
  - **GENERAL BUSINESS**  
Umanga Whānui

---
- 1.15pm**
  - **CLOSE**  
Mutunga

---
- 1.30pm**
  - **LUNCH**  
Tina

---
- 2.00pm**
  - **PRESENTATION AND DISCUSSION ON CURRENT STRATEGIES AND DEVELOPMENTS**  
Whakaputanga Whakaaro

Full copies of the Annual Accounts are available [to shareholders](#) upon request from our office.





# Notice of Motions

## Ngā Mōtini Panui

### Apologies

1. **THAT** the Apologies for the combined 2019 Pārengarenga A Incorporation and Pārengarenga B3C Trust AGM be accepted.

### Proxies (Confirmation of Proxies)

2. **THAT** the Proxies for the combined 2019 Pārengarenga A Incorporation and Pārengarenga B3C Trust AGM be accepted.

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

3. **THAT** the circulated Minutes of the previous combined Pārengarenga A Incorporation and Pārengarenga B3C Trust AGM held on 24th November 2018 be confirmed as a true and correct record.

### Reports

4. **THAT** the Chairman's Annual Report 2019 be adopted.
5. **THAT** the combined Pārengarenga A Incorporation and Pārengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2019 be adopted.
6. Te Kao Forest Lease Report.

### Appointment of Auditor and Share Valuer

7. **THAT** PKF Francis Aickin Limited, Chartered Accountants of Kaitiaki, be retained as Auditors for the Pārengarenga A Incorporation for the 2019/2020 financial year and
8. **THAT** BDO Northland, Chartered Accountants of Kerikeri, be appointed as Share Valuers for the Pārengarenga A Incorporation for the 2019/2020 financial year.

### Setting of the next Annual General Meeting date

9. **THAT** the date be set down for Saturday 28th November 2020.



“Te Awapoka” nā, Te Kura o Te Kao



# Minutes

## Ngā Miniti 2018

Of the combined Pārengarenga A Incorporation and B3C Trust  
Annual General Meeting held at Potahi Marae, Te Kao 24th November 2018

### Start:

9.10 am

### Opening Whakamoemiti:

Joe Everitt

### Mihi:

Robert Kaaka, Mark Nathan, Rihari Wiki, Chad Paraone

### Committee of Management:

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

### Administration:

Jon Brough (General Manager)

### Present:

Abraham Abraham  
Allan Delany  
Allen Pascoe  
Ana Carpenter  
Anaru Rieper  
Andrew Widdowson  
April Hetaraka  
Awarua Kaipo  
Barry Carey  
Beryl Henare  
Betty Harris  
Chad Paraone  
Clayton Wiki  
Dawn Marie Tito  
Deane Lee  
Deena Taylor  
Duanne Golley  
Edward Shirley Gardner  
Emma Kaipo-Dunn  
Erana Kapa Tito  
Erica Tahi Tahi  
Errol Lee  
Eunice Wiki  
Gale Abraham  
Gaye Leefe  
George Everitt  
Gerald White  
Geranium Kapa  
Gillian Harper  
Grace Kaaka  
Harding Wharerau  
Harry Kapa  
Hemowai Minty  
Henare Tahana  
Hinepotaurangi Jean Joseph  
Hinerangi Murray  
Hugh Ford  
Huia Cooper  
Jerry Brown  
Jim Pakinga Williams  
Joan Dangen  
Joe Everitt  
John Tahana  
John Wikitera  
John Yates  
Jon Brough  
Julia Vaka  
Kahi Harawira

Kaneihana Kaaka  
Karepori Kaipo  
Koro Kaipo  
Lovi-Ann Murray  
Maahia Nathan  
Maria Wiki  
Maringinoa Wood  
Mark Nathan  
Matthew Wiki  
Meri Cope  
Meri Wiki for Smith (Mete) Trust  
Mike Wikitera  
Moana Wikitera  
Morehu Kaaka  
Morgan Nathan  
Ngainanga Kapa  
Nik Karena  
Nita Kaaka-Wells  
Paewai Ihaka  
Pereniki Conrad  
Peter Kapa  
Peti Hynes  
Pio Jacobs  
R G Clarke  
Rangimarie Rameka  
Rangimarie Wikaira  
Rata Matiu  
Renee Rameka  
Ria Slade  
Richard Wiki  
Rihari Wiki  
Rita Carey  
Rob Brown  
Robert Kaaka  
Rose Harris  
Rosie Conrad  
Rozita Dei Leoni  
Sandra Everitt  
Scottie Williams  
Stephen Rameka  
Tony Brown  
Tony Munroe  
Tui Kapa  
Tunisia Tipoki  
Vicky Otene  
Winiata Brown  
Zonya Wheery

### Apologies:

Aarena Carpenter  
Aaron Keepa Wetere  
Ajhun Ahoy  
Alan Murray  
Arnold Wiki  
Ava Rose Otene  
Bernard Butler  
Catherine Dangen  
Cecilia Tatana and whanau  
Charlotte Campbell  
Christopher Wharewaka  
David Henry Kaaka  
David Kapa  
Dorothy Reardon  
Duron Lee  
Edward (Ted) Creelman  
Edward Gardner  
Eileen Smith  
Frances Brown  
Frank Butler  
Harry Wiki  
Helena Rewi  
Heta Conrad  
Hinemoa Elder  
Hinepotaurangi Jean Joseph  
Isobelle Rickard  
James Leat  
Jane Allen  
Jocelyn Glucina  
John Butler  
Johnny Everitt  
Josephine Nathan  
Joyce Baker  
Karaka Wiki  
Kate Smith for the Stewart Egypt Smith and Kate (Harris) Smith Whanau Trust  
Keepa Wiki  
Keita Rangimaria Kaaka  
Kess Carpenter  
Lennis Lee  
Leonard Butler  
Lesley Murray  
Luke Piripi Kaaka  
Maraea Wilson  
Marie Ann Harris  
Marie Foy  
Maringinoa Otene  
Marylin Tahana  
Materoa Kaipo  
Matiu Kapa  
Maudie Hughes  
May Lee Takawe  
Mei Everitt  
Mitchell Dangen  
Moana Karena  
Neil Garner  
Paihere Kaaka  
Peta Tahitahi  
Phyllis Nathan  
Phyllis Steed  
Pineaha Murray  
Pio Wiremu James  
Piri Kaipo  
Raewyn Harris  
Raymond Matatawhiri Harris  
Rima Matiu Wiki  
Robert Everitt  
Rose Otene  
Samaria Kaipo  
Shona Harris  
Stewart Taylor  
Takimoana Wiki  
Taku Aroha Wiki  
Tania Good  
Te Awhina Clarke  
Thomas Kaaka  
Thomas Wiki  
Tiwaha Everitt  
Tom Murray  
Trevor Butler  
Tui Gallagher  
Verna Lu Te Aroha Kaaka  
Waaka Popata Whanau Trust  
Wahanui Maikara Kaaka  
Wakene Kaipo  
Waylon Wiki  
Whati Rameka  
Willy Kaipo  
Wiremu Conrad Kaaka  
Zona Harris

1. THAT the apologies of the 2018 combined Pārengarenga A Incorporation and Pārengarenga B3C Trust Annual General Meeting be accepted.

Moved by John Tahana Seconded by Tereiniamu Kapa

Carried



## Obituaries

Annie Murray	James Anthony Murray	Pauline Mete
Aver Paul	Jamie Leeson	Peter Jones
Barbara Hayward	Jerry Subritzky	Piri Nathan
Bill Covich	Kaio Rivers	Richard Tahu
Boroughdale Everitt	Karaka Roberts	Ritihia Brown
Bowen Wi	Karlisle Walker	Robbie Roberts (Scribbles)
Bryan Pou	Koro Wetere CBE	Robert Barnes
Christina Punshon (nee Anderson)	Kowhai Murray	Robert Wilson
Dave Neho	Lance Hadfield	Ron Berghan
Dawn Hetaraka	Lovie Brown	Ross Gregory
Dion Hobson	Maki Oneroa	Shirley Rupa
Esther Mani	Marigold Ngauma	Teihana Hagger
Esther Robson/Nathan	Maxine Neho Young	Thomas Graham (Crunch) Bradley
Frances Lazarus	Meremere Otene	Thomas Norman
Frank Harrison	Mick Unahi	Tim (Puddy) Hoey
Gary Christensen	Mike Housham	Timoti Flavell
George Martin	Moe Aroha Kaipara	Tomas Murray
Gladys Neho	Moeroa Davis	Waitangi Karaka
Farrington	Morgan Etana	Walter Smith
Harry Mane	Moses	Wayne Leef
Irene Wiki	Nohopani Horgan	William Pouwhare
Ivan Smith	Ossie Peri	Willie McMath
	Paratene Kapa	

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

## Proxies

Shareholder	First Proxy	Second Proxy
Christopher Wharewaka	Gillian Harper	-
Dorothy Reardon	Simon Peter Waenga	Leona Waenga
Helena Rewi	Gillian Harper	-
James and Hemotai Selwyn Whanau Trust	Duanne Golley	-
James Leat	Gillian Harper	-
Stuart Taylor	Gillian Harper	-

**2. THAT** the proxies of the 2018 combined Pāren-garenga A Incorporation and Pāren-garenga B3C Trust Annual General Meeting be accepted.

**Moved by** Ngainanga Kapa **Seconded by** Tui Kapa

**Carried**

## Minutes

Confirmation of Previous Annual General meeting minutes:

**3. THAT** the Minutes of the combined Pāren-garenga A Incorporation and Pāren-garenga B3C Trust Annual General Meeting held on 25th November 2017 as previously circulated be taken as read.

**Moved by** John Tahana **Seconded by** Tui Kapa

**Carried**

**Amendment:** Add Tui Kapa to the list of attendees and remove from the Apologies list.

**4. THAT** the Minutes of the combined Pāren-garenga A Incorporation and Pāren-garenga B3C Trust Annual General Meeting held on 25th November 2017 be confirmed as a true and correct record.

**Moved by** John Tahana **Seconded by** Tui Kapa

**Carried**

## Matters Arising:

**Takutai Moana Application for Customary Title** Progress has been limited. There was a High Court sitting held in June, where the judge decided what order to view the applications. The next court case may not be until June 2019. The Committee of Management have discussed this matter with Te Runanga Nui o Te Aupōuri and will continue to explore this.

**Access to Te Pua** The committee has progressed plans to re-open access to Te Pua. As of Saturday, 1 December, keys to Te Pua will be available from the Pāren-garenga Incorporation office during working hours (Monday to Friday, 9am to 5pm). If keys are needed outside of these hours, people are asked to make arrangements within office hours. This process will remain in place until a camp manager is employed. Keys to the gate will not be distributed when the camp manager is on site. The Incorporation will be installing eco-toilets at Te Pua. There will not be running water available.

Access fees were stated: koha for registered shareholders; \$10 per car per night for non-shareholders; and \$25 per boat.

There will be strict rules, explained on key pick-up and reinforced with signs at Te Pua. Shareholders and locals were asked to take responsibility for helping enforce these rules, and to inform the camp manager or committee if they saw activity that abused the rules.

Shareholders commented that Te Pua is a reserve set aside for shareholders, and that the Incorporation should put shareholders/owners first - before the general public. A shareholder expressed disappointment at Te Pua opening, noting that Muriwhenua Incorporation had stopped recreational fishermen accessing the harbour via their land (over concerns they use it to access and overfish the fish stock and kaimoana at Murimotu and surrounding areas). The concern was that these fishermen would flood back in via Te Pua. Other shareholders noted that many of our own people were ripping off those areas and the focus should start with them.

The committee pointed out steps already taken to help preserve the fish stock in the harbour by denying access (across Incorporation land) to commercial fishermen (not recreational fishermen).

**Access to the Bluff** The committee have been working on restoring access to the Bluff for shareholders. Committee members met with the whānau who locked the gate, restricting access to both shareholders and the general public. A whānau member addressed the hui to explain why they decided to lock the gate in December 2017. They acknowledged the committee for listening to their concerns and acknowledging historical issues around the gate, signage and public throughput. It was noted that the original Māori Land Court order made it clear that the roading is with the Incorporation. The gate will remain closed for this summer period, and the committee will work through the access matter with the whānau.

**Mutton** there will be mutton made available for shareholders before Christmas, this will be limited to 1 mutton per shareholder or whānau trust per household, the cost is \$80 per mutton.





## Chairman's Report

The Chairman spoke to the 2018 report.

### Key Points Arising:

There was discussion around committee plans for managing the forestry work, and the preference to employ forestry teams as a more cost-effective approach than contracting for this work. Shareholders emphasised the importance of hiring our own people. The committee also confirmed it was looking to purchase forestry equipment for the thinning and felling of woodlots and shelterbelts.

In response to shareholder questions about revenue potential from bees and beehives, it was noted that the aim is for around 2,500 hives in 5 years, generating a revenue stream of approximately \$5m.

Reference was made to the expanding investment in avocado farms just down the road, with the committee urged to bring Incorporation developments forward to create jobs for local rangatahi.

**5. THAT** the Chairman's annual report of 2018 be adopted.

**Moved by** Kahi Harawira **Seconded by** Tui Kapa

**Carried**

## Audited Accounts

Key points from the financial annual accounts were highlighted and discussed.

**6. THAT** the combined Pārengarenga A Incorporation and Pārengarenga B3C Trust audited accounts for the year ending 30 June 2018 be adopted.

**Moved by** Winiata Brown **Seconded by** John Yates

**Carried**

## Appointment of Auditor and Share Valuer

**7. THAT** PKF Francis Aickin Limited Chartered Accountants of Kaitia be retained as Auditors for the Pārengarenga A Incorporation for the 2018/2019 financial year.

**Moved by** Winiata Brown **Seconded by** Maringinoa Wood-Wetere

**Carried**

**8. THAT** BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Pārengarenga A Incorporation for the 2018/2019 financial year.

**Moved by** Winiata Brown **Seconded by** Maringinoa Wood-Wetere

**Carried**

## Election of Members to the Committee Of Management

Maahia Nathan took over as Chairman for the meeting, as the current Chairman was up for re-election.

**9. THAT** Allan Pascoe is hereby appointed as the Returning Officer.

**Moved by** Hemowai Minty **Seconded by** Deena Taylor

**Carried**

**10. THAT** Barry Carey and Rangimarie Rameka are hereby appointed as Scrutineers

**Moved by** Hemowai Minty **Seconded by** Deena Taylor

**Carried**

The results of the election of members to the management committee are:

<b>Chad Paraone</b>	64	<b>Ngainanga Kapa</b>	61
<b>Rihari (Allie) Wiki</b>	49	<b>April Heteraka</b>	34

The acting Chairperson declared that Chad Paraone, Ngainanga Kapa and Rihari Wiki are re-appointed to the Pārengarenga Incorporation Committee of Management.

Chad Paraone resumed his role as Chairman for the meeting.

## General Business

**Election Process** shareholders noted that the nomination process needed improving as one candidate was unclear as to what information they were required to provide and how the process worked. The committee agreed to review the election process to ensure these issues are addressed.

**Strategic planning** shareholders requested more communication with shareholders around strategic developments and strategic planning hui.

**Local employment** questions were raised about the Incorporation's position on employing locals. The committee explained the Incorporation's policy and preference for employing locals (whether contractors or employees) where they had the skills, experience and attitude for the roles advertised and (in the case of contractors) had strong, competitive bids.

**Wild horses** the issue of wild horses in the forest was raised and whether there was a management plan in place to control numbers, given the potential environmental impacts from the size of the herd. The committee agreed this needed monitoring and will look into it as part of environmental planning. It was noted that the herd(s) roam the length of the beach, crossing lands belonging to multiple different owners, so this was not something the Incorporation could manage alone.

**Former fish farm facility** plans for use of the building were queried. The committee advised several potential ventures had been looked into, including horticulture and tourism, but they had yet to land an ideal development that stood up to scrutiny and provided an acceptable risk/reward proposition. In the meantime, Incorporation resources and attention were focused on the farm, forestry, apiculture and biochar developments.

**TV coverage (via social media)** access was requested to copies of the 'Gateway to the Globe' television programme featuring the Incorporation. Shareholders were advised that a link to the television program was loaded on the Incorporation's Facebook page and that this was available online for anyone to view. The link will be uploaded again for those who missed it.

**Update Shareholder Register** questions were raised about the large list of shareholders (in the AGM book) for whom contact details were needed, and that this list included deceased shareholders. It was explained that responsibility for transfer or succession to shares sits with individual whānau, not the committee of management. Shareholders and whānau were asked to identify any whānau members on the list - alive or deceased - and to get in touch with the office for support with arranging transfers or succession to shares, or to provide updated contact details for those whānau members.

**Financials** A shareholder raised concerns about the Incorporation potentially losing money through bad decisions and suggested that the committee be restricted in what it could do financially, requiring explicit shareholder support for decisions. The committee noted that shareholders elect committee members to run the Incorporation on their behalf and this included making business decisions. Shareholders exercised control through who they elected to the committee of management.

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

**11. THAT** the date be set down for Saturday 23rd November 2019.

**Moved by** John Tahana **Seconded by** Ngainanga Kapa

**Carried**

**Mihi:** Joe Everitt

**Closing Karakia:** Joe Everitt **Meeting finished:** 2.33 pm





# Committee of Management

## *Komiti Whakahaere*



**Chad Paraone**  
*Chairman*



**Ngainanga Kapa**  
*Deputy Chair  
and Liaison*



**Clayton Wiki**  
*Finance, Risk  
and Audit*



**Harry Kapa**  
*Tourism*



**Maahia Nathan**  
*Policy and  
Procedure*



**Pereniki Conrad**  
*Farming*



**Rihari Wiki**  
*Forestry*



# Chairman's Report 2019

## Te Rīpota o te Heamana

Tawhitirahi, Parengarenga, Pōtahi, Waimirirangi – tū tonu, rere ana, toitū, toitū!

E te hunga kua whetūrangitia, haere, haere, whakangaro atu. Hoki atu ki a rātou e tatari ana ki tua o te Ārai. Rātou ki a rātou, tātou te hunga ora ki a tātou.

E ngā mana, e ngā reo, e ngā kaupupuri hea, rau rangatira mā, tēnā rā koutou katoa.

This is my Chairman's report to shareholders on our business and results for the 2018-19 financial year.

### Financial *Pūtea*

2018-19 has been a more demanding year than the previous one, due to challenging weather conditions, on-farm changes, industry risks, plus leaning into our forestry operation. The overall outcome for the 2018-19 year was a net loss of \$693k after tax.

The farm continues to be the primary source of revenue and delivered a year-end result of \$681k profit from trading, before taxation. This was significantly down from \$1.36m profit the previous year, owing to the fact that we sold approximately 500 fewer beef animals in the year (simply a timing factor, as we moved a lot off in July) coupled with greater development on the farm (including increased fertiliser outlay, fencing repairs/maintenance and staff expenses). Forestry revenue this year was low and was more than offset by expenses in 2018-19 as our new forestry operations only got underway in June 2019. This, however, will turn around and is expected to produce a net revenue stream in 2019-20.

As indicated, during the year, we made the strategic decision to directly manage our own forest thinning and harvest operation by investing in our own forestry team and equipment. This was funded by a \$1.8 million loan to purchase our forestry equipment, which is reflected in the balance sheet.

Net Assets sit at \$64.8 million.

As we have expanded operations, our total staff count now numbers 32 people across farm, forest and administration.

Consolidated accounts are provided in this Annual Report. A copy of the full set of accounts are available to Parengarenga Incorporation shareholders through our Administration Office.

### Farming *Pāmu*

Kathryne Easton joined the team in January as the new Farm Manager, bringing both farming experience, pastoral development knowledge and strong environmental credentials to the role. Kathryne's experience included previous positions with restoration and sediment reduction to the Kaipara harbour, Total Ag farm consultancy across sheep, beef and dairy, and WSP OPUS rural infrastructure consultant involved in feasibility studies looking at "Best Use of Land", primarily for iwi.

During the latter half of 2018, until Kathryne's arrival, the senior farm staff stepped up to manage the farming operation. Pasture across the farm, however, is not in good shape and accordingly a strong pasture development programme has been planned for the farm, with trial results highly visible on the left-hand side as you drive north of Mitimiti Stream. Recent viewings of our lambs has shown us that those on the recently developed pasture are tracking at over 25% in weight ahead of the standard flock.

This level of pasture development will mean a significant investment in farm costs in the medium-term. We currently do not have the pasture capability to fatten stock in an economical timeframe and so will be moving our beef stocking policy to the production of high-quality weaners and moving these to market in a premium condition. Our plan is to transition this stock policy to a fully fattened beef animal within the next 4 years.

We made the strategic call to move away from farming Friesian bulls due to the current risks of *Mycoplasma bovis* disease and have shifted to an increased concentration on growing our own Angus/Charolais/Hereford capital herd.

During the year, we were able to purchase the Wairea Trust flock (after their strategic decision to sell down their capital sheep flock). This added 1100 lamb-in ewes to our capital flock and has worked out well for the Incorporation. Having reduced our beef numbers, due to lack of good pasture and moving the heavy animals off the farm prior to winter, the lamb option will boost revenue in the latter part of this calendar year.

The recently purchased excavator has also made a significant contribution to new drainage, roading, access ways and to the recovery of pasture and capability in forest.

### Forestry *Ngahere*

Our strategic intent has always been to manage our own forestry operations, and we've now made it happen. We established our own forestry team in May 2019 and were able to attract quality people to come home to be part of this. This is being led by Dan Henderson (formerly of Henderson Logging). Our own local people make up a good number of the team and they have a long history of forestry in the Far North, bringing with them a wealth of knowledge and experience.

The team are working in the Parengarenga A Forest (which runs alongside Te Oneroa ā Tōhē on the west coast), clear-felling along the road access ways (the old shelter belts) and in previously un-thinned areas. Production volumes are growing as the team find their operational rhythm, and thinning operations are also part of the scope of the team.

Our harvested wood is being sold into various domestic and export markets to minimise risk and capture the best returns available. Shortly after starting harvesting, the export pricing for harvested wood plummeted as result of pricing out of China. We came through this well. Export pricing has increased since June by 22% and continues to climb monthly.



We will be managing our own woodlot harvesting over the next two years (farm woodlots and clear-fell areas – not the second rotation harvest of the main forest), with this operation about starting in October 2019.

Health & Safety continues to be a priority across the farm, forestry and other operations, and we are pleased to report no significant incidents for the year.

### Apiculture (bees) *Miere*

We have continued our partnership with Kauri Park Nurseries Ltd to grow our mānuka plantings and bee-keeping knowledge.

We planted an additional 80,000 mānuka trees across the farm in this financial year, all in riparian and less productive areas. Our expectation was for 500 hives in the 2018-19 financial year and we came close to this with 430 hives on Parengarenga lands. By September, we exceeded target, with 530 hives on site.

We have adopted a reduced risk policy in the interim with a fixed lease per hive to fix revenue and maintain budgeted costs.

As the 300,000+ manuka plantings to date grow, we will experience a significant growth in opportunity with a planned additional 250+ hives per year from 2020. Our aim is to plant a further 100,000 plants per year ongoing, using returns from the hives to support this and our apiculture development.

### Other Initiatives *Ērā Atu*

**BioChar** - We moved ahead with the biochar initiative and now have a small-scale testing operation in place, supported by future project funding totalling \$160,000 and reputable science and research entities directing our commercial trials.

There is strong interest in what we're doing, from the Rūnanga and local farms, to the biochar and horticulture industry, science and research sectors and government agencies.

We have an international certification company (SGS International) tracking the conversion of our waste wood to biochar so that we can offer proof of the 'return to soil' (sequestration) carbon we are generating. This adds value to soil structures, offers potential to reduce traditional fertiliser use, create weight gain in our farmed animals, reduce methane emissions from farmed animals and improve water quality.

If trials prove commercially positive, we will approach various government agencies about potentially scaling up production to focus on power generation, using the resulting biochar to target returns from farm and horticulture growth. We've already had initial discussions.

**Share Register amalgamation** - The amalgamation process is still sitting with the Maori Land Court, awaiting sign off. Despite regular requests, we've made little headway. We cannot control this, so we continue to wait.

**Takutai Moana** - In terms of our application for recognition of the foreshore and seabed interests of Parengarenga shareholders and associated iwi, there was a High Court hearing in June this year, but both the Crown and High Court processes are slow across the multiple claimants nationally. It is unlikely any significant progress will take place until 2021.

**Shareholder and local community contributions** - The Incorporation continued to provide a range of support to shareholders and the local community, with examples of practical contributions including the newly erected shelter on the kitchen side of the wharekai at Potahi Marae (to make life easier for the kaimahi and ringa wera), the toilet blocks at Te Pua Reserve, enabling Bluff access via Taylors Road, and using our business contacts to gain sponsors for the children's section of the Aupouri Rugby Football & Sports Club November fishing competition. Our staff also support the kura with fundraisers, and we are working with the kura and Te Aupōuri Runanga (TRNOTA) to support the development of an 'outdoor classroom' along Te Awapoka stream.

We participated in the TRNOTA hui this year to develop their strategic plan, and, under the guidance of Tiwha Everitt, went through the Parengarenga A forest with TRNOTA staff to identify native flora and fauna and historical sites of significance. We plan to meet with the Runanga in early 2020 to continue efforts to work together.

We are also exploring a range of other potential initiatives, such as offering awareness and training programs and potentially higher education opportunities for shareholders and local rangatahi in our fields of business.

In closing, I would like to express my thanks again to the Committee of Management, to the General Manager, Jon Brough, and all the team of managers, staff, advisors and business partners who have supported Parengarenga Incorporation throughout the year. Ngā mihi hoki to our shareholders and local community members who also stepped forward to help us out at various times.

I look forward to meeting with you all at the 2019 AGM.

Nāku iti noa,

**Chad Paraone**, Chairman





A Division of Hancock Timber Resource Group  
A Manulife Asset Management Company

## Te Kao Forest Lease Report July 2018 – June 2019

### Legal Description

All that parcel of land containing 3235.3 hectares more or less, being part Parengarenga B3C Block, and being part of the land comprised and described in Certificate of Title NA67B/56.

### Term

The term of the lease is 75 years and is due to expire in 2054.

### Rental

Rental is taken as 20% of the net share of stumpage returns from the harvest of the forest produce.

### Environmental Responsibility

Under the Resource Management Act 1991 HFM is liable for any environmental incidents or breaches in resource consent conditions.

### Statistics

Land Type	Area ha
<i>Plantable stocked</i>	2072.1
<i>Plantable unstocked</i>	47.2
<b>Planted Area</b>	<b>2119.4</b>
<i>Reserves</i>	1066.7
<i>Roads and skids</i>	42.5
<i>Utility</i>	5.9
<b>Unplanted Area</b>	<b>1115.1</b>
<b>Total Area</b>	<b>3234.5</b>

Planting Year	<i>P.radiata</i> ha
1986	1.1
1987	3.4
2011	272.0
2012	419.9
2013	378.7
2014	432.5
2015	368.6
2016	195.9
<b>Total area</b>	<b>2072.1</b>

### Crop Status

Harvest of the first rotation merchantable crop and replanting of the second rotation was completed during 2016. Tending operations will occur over the next decade. It is anticipated that harvesting of the second rotation will start around 2038.

### Forest Health

A survey by SPS biosecurity Ltd detected no new pests or diseases. No significant problems were detected and no actions were recommended.

### Historic Sites

There are a number of wāhi tapu within the Lease. Taumata recognises the sensitivity surrounding such sites. After consultation with Parengarenga Incorporation an application to the Historic Places Trust for a Section 12 Authority was lodged and granted in February 2010. To date there has been no sites of significance discovered.

### Health and Safety

There has been no health and safety incidents during the period of this report.

### Forest Certification (FSC and PEFC)

Forest certification is the process of assessing forests and forest management practices against a predetermined set of internationally accepted environmental standards and the subsequent issuing of a certificate to confirm that the forest conform to the requirements.



HFM has now achieved dual certification by carrying out a second audit against standards defined in the Programme for the Endorsement of Forest Certification (PEFC). This is another internationally recognised and accepted standard in sustainable forest management. It enables consumers to identify wood and wood based products from well managed forests.

Consumers purchasing a wood based product bearing the FSC and PEFC trademark / logo are assured that the product purchased can be traced back through the processing stages to the certified forest it came from.

The combined annual FSC and PEFC audits were carried out in the HFM forest estate in August 2018 and HFM's certification was also confirmed for another year.

### **Environmental**

No environmental incidents have been reported.

Northland Regional Council (NRC) is not required to monitor establishment operations; the resource consent for the forest has been surrendered to NRC due to no further earthworks activities.

Targeted spraying of wilding pines was undertaken in the Kokota Dunes.

Gorse has been sprayed on farm boundary and on firebreaks where required.

HFMNZ is continuing to monitor the pine regen, acacia and oxycobium regrowth near the dune lakes. Ongoing weed eradication and monitoring is planned until such a time a healthy population of indigenous flora has established.

### **Re-establishment**

The operations undertaken during the period of the Annual Report were:

Hand Release: 106 ha (FNR Forestry Ltd)

Regeneration Release: 207 ha (FNR Forestry Ltd)

Aerial Release: 196 ha (Skywork)

Quality Control Releasing: 330 ha (Forest Inventories 2000 Ltd)

Pre Assessment Thin to Waste: 272 ha (Forest Inventories 2000 Ltd)

Thin to waste: 90ha (Tomblison Ltd)

Foliage sampling: 574 ha (Forest Inventories 2000 Ltd)

A Request for Proposal for Thin to Waste operations was circulated to existing contractors and Parengarenga Incorporation on 1 July 2019. No proposals were received.

### **Fire Protection**

Fire and Emergency New Zealand (FENZ) started on 1 July 2017, and has replaced the New Zealand Fire Service. FENZ is now responsible for fire management, and has entered a 2 year transition to unified command structure between the various operational arms (Urban Search and Rescue, Professional Fire Brigades, Volunteer Fire Brigades, Rural Fire Fighting Forces, and Rural Fire Authorities).

HFMNZ has a Service Level Agreement with FENZ. NZ Forest Owners Association Fire Management Guidelines have been published.

Key HFMNZ staff and contractors will also be authorised persons under the FENZ Act.

HFMNZ continue to liaise and work with other forest owners. This included assistance with standby costs during the Christmas vacation period.

The forest's firebreaks and water points continue to be maintained when required.



# Statistics

## Tatauranga



**5678**  
Cattle



**10,069**  
Sheep



**80,000** (2019)  
Native trees planted



**4,900**  
Hectares in forest



**530**  
Hives onsite



**3,500**  
Shareholders





# Financial Summary

## Whakarāpopototanga o Ngā Pūtea

### Pārengarenga Incorporation

For the year ended 30 June 2019

The following pages provide a consolidated statement of financial performance for Pārengarenga Incorporation and its subsidiaries for the year ended 30 June 2019.

[A full copy of the audited accounts is available from the Pārengarenga Incorporation office.](#)



*Syd Busby on the Forwarder*





# Pārengarenga Incorporation

Pārengarenga Incorporation  
As at 30 June 2019





# Company Directory

## Parengarenga Incorporation For the year ended 30 June 2019

### **Nature of Business**

Farming / Leasing / Forestry

### **Registered Office**

Far North  
Kaitaia

### **Committee of Management**

Chad Paraone (Chair)  
Ngainanga Kapa (Vice Chair)  
Harry Kapa  
Maahia Nathan  
Pereniki Conrad  
Clayton Wiki  
Rihari Wiki

### **Chartered Accountant**

BDO Northland Limited  
Kerikeri

### **Bankers**

BNZ Kaitaia

### **Solicitors**

Law North Partners  
Kerikeri

### **Independent Auditors**

PKF Francis Aickin Ltd  
Kaitaia





# Approval of Consolidated Financial Report

## Parengarenga Incorporation For the year ended 30 June 2019

The Trustees are pleased to present the approved financial report including the historical financial statements of Parengarenga Incorporation for the year ended 30 June 2019.

### Approved

For and on behalf of the Trustees:



Trustee



Trustee

Date: 05/11/2019



# Consolidated Farm Income & Expenses

## Parengarenga Incorporation For the year ended 30 June 2019

	2019	2018
<b>Farm Working Account</b>		
Beef Cattle, Sheep & Wool Gross Profit	3,414,308	3,574,850
Sundry Farm Income	74,338	108,752
<b>Total Farm Working Account</b>	<b>3,488,646</b>	<b>3,683,602</b>
<b>Gross profit</b>	<b>3,488,646</b>	<b>3,683,602</b>
<b>Direct expenses</b>		
Farm Working Expenses	952,871	715,035
Repairs & Maintenance	273,518	199,600
Vehicle Expenses	252,192	180,560
Staff Expenses	789,622	733,327
Administration Expenses	89,128	98,232
Standing Charges	227,705	243,204
Non Cash Expenses	222,199	156,955
<b>Total Direct expenses</b>	<b>2,807,234</b>	<b>2,326,911</b>
<b>Net profit (loss) from trading before taxation</b>	<b>681,412</b>	<b>1,356,691</b>



# Consolidated Land, Lease, Forestry & Fishfarm

## Parengarenga Incorporation

For the year ended 30 June 2019

	NOTES	2019	2018
<b>Trading income</b>			
Depreciation Recovered		343	-
Forestry Income		136,925	753,599
Hives & Honey Revenue		49,826	32,417
Interest Received		-	1,447
Rent Received		3,960	9,619
Royalties, Licence to Occupy & Access Fees		36,165	18,417
Sundry Income		52,202	14,155
<b>Exceptional Items</b>			
Capital Profit	6	-	1,023,947
<b>Total Exceptional Items</b>		-	<b>1,023,947</b>
<b>Total Trading income</b>		<b>279,422</b>	<b>1,853,600</b>
<b>Gross profit</b>		<b>279,422</b>	<b>1,853,600</b>
<b>Direct expenses</b>			
Forestry Expenses		115,249	708,072
Apiculture Expenses		253,826	203,208
Vehicle Expenses		23,518	25,996
Wages		569,176	346,070
Trustees Fees		74,496	56,538
Operating & Administration Expenses		266,694	239,502
Standing Charges		118,434	83,397
Audit Fees		19,310	19,231
Interest Expenses		15,851	112
Lease Expenses		4,504	-
Development Expenses		206	465
Loss on Disposal		1,160	602
Depreciation		181,455	109,733
<b>Total Direct expenses</b>		<b>1,643,881</b>	<b>1,792,925</b>
<b>Net profit (loss) from trading before taxation</b>		<b>(1,364,459)</b>	<b>60,676</b>





# Consolidated Statement of Profit or Loss

## Parengarenga Incorporation For the year ended 30 June 2019

	NOTES	2019	2018
<b>Income</b>			
Total Profit from Farm, Land Lease & Forest		(683,046)	1,417,367
<b>Total Income</b>		<b>(683,046)</b>	<b>1,417,367</b>
<b>Gross consolidated income</b>			
		<b>(683,046)</b>	<b>1,417,367</b>
<b>Net surplus / (deficit) for the year before taxation</b>			
		<b>(683,046)</b>	<b>1,417,367</b>
<b>Taxation</b>			
Taxation		(10,683)	(84)
<b>Total Taxation</b>		<b>(10,683)</b>	<b>(84)</b>
<b>Net surplus / (deficit) for the year after taxation</b>			
		<b>(693,729)</b>	<b>1,417,283</b>

# Consolidated Statement of Movements in Equity

## Parengarenga Incorporation For the year ended 30 June 2019

	2019	2018
<b>Equity</b>		
Profit/(loss) for the Period	(693,729)	1,417,282
Asset Revaluation	363,343	11,218,432
Equity at Beginning of Year	65,122,112	52,486,397
Equity at End of Year	64,791,726	65,122,112
made up of:	-	-
Equity Attributable to Owners	65,148,972	65,476,968
Portion Attributable to Minority Interest	(357,246)	(354,856)



# Consolidated Balance Sheet

## Parengarenga Incorporation

As at 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and short-term deposits		(13,176)	1,616,972
Income Equalisation - IRD		612,000	-
GST receivable		149,581	19,766
Accounts Receivable		563,915	51,371
Livestock on Hand		7,546,388	7,308,914
Prepayments		92,988	20,377
Taxation		(747)	51,910
<b>Total Current assets</b>		<b>8,950,950</b>	<b>9,069,309</b>
<b>Non current assets</b>			
Property, plant and equipment	16	27,123,141	25,059,086
Investments		283,845	289,055
Tree Crop at Valuation - A Inc	8	32,190,000	31,833,000
Livestock on Hand		219,076	-
<b>Total Non current assets</b>		<b>59,816,062</b>	<b>57,181,140</b>
<b>Total Assets</b>		<b>68,767,012</b>	<b>66,250,450</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade Accounts Payable		1,374,436	327,488
Current Portion - Term Loan	13	400,000	-
<b>Total Current liabilities</b>		<b>1,774,436</b>	<b>327,488</b>
<b>Non current liabilities</b>			
Loan - Term Portion	13	1,400,000	-
Te Tumu Paeroa - Share Purchase	15	800,850	800,850
<b>Total Non current liabilities</b>		<b>2,200,850</b>	<b>800,850</b>
<b>Total Liabilities</b>		<b>3,975,286</b>	<b>1,128,338</b>
<b>Net assets</b>		<b>64,791,726</b>	<b>65,122,112</b>
<b>Equity</b>			
Current Year Earnings		(693,729)	1,417,283
Retained earnings		19,240,905	17,821,232
Capital Reserves		3,068,130	3,068,130
Asset Revaluations		43,533,666	43,170,323
Portion Attributable to Minority Interest		(357,246)	(354,856)
<b>Total Equity</b>		<b>64,791,726</b>	<b>65,122,112</b>

Trustee: C. Parraone Trustee: [Signature]

Date: 05/11/2019



# Notes to the Consolidated Financial Statements

## Parengarenga Incorporation For the year ended 30 June 2019

### 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.

#### 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.





## 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	11,730	\$11,730	1997-2010	\$11,730

## Issued Capital

	2019	2018
1,146,766 ordinary shares, fully paid (2018: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2018: 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.

## 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.

### 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).

### Impairment of non financial assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value, assets currently available that the incorporation intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date. Assets measured at fair value or assets the incorporation intends to use to the end of its useful life, are not reviewed for impairment at balance date. Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable. If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

### Comparative figures

The comparative figures shown are for a twelve month period.

## 2. Ownership

In 1992, the Maori Trustee transferred 74% of the shares to the Maori Owners. This transfer removed the Taxation exemption previously confirmed with the Inland Revenue Department. The owners of Parengarenga B3C Trust are now responsible for the taxation of 74% of the entity.

## 3. Livestock

Livestock has been split in the balance sheet to reflect current and non-current assets.

Split is as follows:

### Beef Cattle

Current Asset - Beef Cattle	\$5,723,241
Non-Current Asset - Beef Cattle	\$177,164
Total Beef Cattle per Trading Statement	\$5,900,405

### Sheep

Current Asset - Sheep	\$1,823,147
Non-Current Asset - Sheep	\$41,912
Total Sheep per Trading Statement	\$1,865,059





## 4. Leases

### B3C Trust

Approximately 4,033 hectares of the available land area is leased to Hancocks Natural Resources Group for use in forestry. The period of the lease is 75 years from 22 June 1979.

The entity leases land being the Te Kao 107 block (40.225ha) from the Maori Trustee. The term of the lease is for five years commencing 1 October 2012. The annual lease charged is considered by the Trustees to be an operating lease. This lease expired 30 September 2017. There are no new lease agreements available at present however the land continues to be farmed.

The entity leases land being the Te Kao 87 & 91 block (22.4626ha) from Riwa Wiki. The term of the lease is for ten years commencing 1 August 2011. The annual lease charge is considered by the Trustees to be an operating lease. This lease expires 1 August 2021.

The entity leases land being the Te Kao 100, PT 101, 102 blocks (33.6218ha) from W & M Brown. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. This lease expires 1 August 2021.

The entity leases land being the Te Kao 103 block (54.5187ha) from Te Kahuwhero Herepete Whanau Trust. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. The lease expires 1 August 2021.

The entity leases land at Wairahi (71.7827ha) from Aupouri Trust Board. The annual lease is considered by the Trustees to be an operating lease. This lease expires 31 March 2020.

The entity leases land being the Te Kao 49 & 50 blocks (60.58ha) from Jackie, Priscilla and Kody Wiki. The term of the lease is for eight years commencing 10 August 2015 with a two year right of renewal. The annual charge is considered by the Trustees to be an operating lease. This lease expires 10 August 2023.

The entity leases land being the Te Kao 60, 67 and 68 blocks (56.67ha) from The Estate of Matengaroa Wiki. The term of the lease is for eight years commencing 15 August 2005 with a two year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 15 August 2017. There are no new lease agreements available at present however the land continues to be farmed.

The entity leases land being the Te Kao 55, 56 and 58B blocks (75.43ha) from Rihari Wiki. The term of the lease is for eight years commencing 15 August 2005 with a two year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 15 August 2017. This lease will not be renewed.

The entity leases land being the Te Kao 47 and 58 blocks (75.00ha) from Kiri Pako. The term of the lease is for eight years commencing 1 November 2008 with a five year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 1 November 2016 and was renewed for a further 5 years. This lease expires 15 August 2021.

The entity leases land being the Te Kao 43A block (3.985ha) from Huria Subritzky. The term of the lease is for ten years commencing 1 April 2012 with a three year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expires 31 March 2022.

The entity leases land being the Te Kao 43B, 58A2 and 59 blocks (71.2089ha) from K & S Subritzky. The term of the lease is for ten years commencing 1 April 2012 with a three year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expires 31 March 2022.

### Lease disclosures

Operating lease - future minimum lease payments under non-cancellable leases

	2019	2018
<b>Leases</b>		
Current	71,612	76,929
Non-current	79,212	129,115

This statement should be read with the Auditor's Report and the Notes to the Financial Statements



## 5. Income tax

Provision is made for taxation after taking full advantage of all deductions and concessions permitted using the taxes payable method.

## 6. Forestry in the Emissions Trading Scheme (ETS)

### Pre-1990 Forest Land

There is pre-1990 Forest land on the property and a liability will arise under the Climate Change Response Act 2002 if the pre-1990 forest area or part of it is cleared and not replanted or has not regenerated with at least 500 stems per hectare within 4 years of clearing. The area must also have 30% minimum crown cover 10 to 20 years after planting or regeneration depending on whether the forest is exotic or native respectively. This potential liability is not recognised in the financial statements.

Parengarenga A Incorporation was allocated 474,515 NZU of carbon credits. During the 2013 financial year 135,000 units were sold leaving a balance of 339,515 units. During the 2016 financial year a further 291,000 units were sold leaving a balance of 48,515 units. A further 7,585 credits were received in 2017 financial year. In 2018 financial year the balance of the units were sold. The average market value of units sold during the 2018 financial year was \$18.30 (Market value as at 30.6.2017: \$15.75). Capital profit of \$1,023,947 is shown in statement of profit and loss.

### Pre-1990 credits allocated by Government

Pre-1990 carbon credits	NZU's	Market Value
Opening balance	474,515	1,898,060
Carbon credits sold 2013	(135,000)	(540,000)
Carbon credits sold 2016	(291,000)	(2,080,650)
Carbon credits received 2017	7,585	30,340
Carbon credits sold 2018	56,100	1,026,835
Closing Balance	0	0

## 7. Forestry expenses

Due to the gradual surrender of the forestry lease from the Crown, Parengarenga A Incorporation is now responsible for the costs of maintaining the forestry. These services have not been contracted out for the 2019 year.



## 8. Tree crop valuation

An independent market value of Parengarenga A forest was undertaken by Jenksmax Consulting Limited as at 30 June 2018.

Forestry is measured at fair value less estimated costs to sell as assessed by independent forest managers. The basis of valuation of young stands not yet ready for harvest has been to determine the net present value of each stand. The revenue from future timber sales is predicted along with the costs of producing, harvesting and marketing the timber. The pre-tax cash flow is discounted at the appropriate market rate to derive a net present value.

Revaluation gains and losses are recognised in the forestry revaluation reserve. If the revaluation reserve has a deficit, that deficit is recognised in profit or loss in the period in which it arises.

The 2019 tree crop valuation is a full valuation, and replaces the full valuation prepared in 2018.

Movements in value of Forest are:

Year	Value	Movement
2013	\$4,100,000	Valuation
2017	\$20,859,000	Interim Valuation
2018	\$31,833,000	Valuation
2019	\$32,190,000	Valuation

## 9. Contingent assets and liabilities

The directors of Parengarenga Fishfarm Limited are currently looking for equity partners to utilise the fish farm plant.

Parengarenga Incorporation drew down on a loan for Forestry equipment. This guarantee was supported by:

- Existing Registered Stock Security over sheep and cattle.
- A Deed of Lease over the Forestry Lease owned by Parengarenga A Incorporation.

There are no other known contingent liabilities at balance date.

## 10. Capital expenditure

Parengarenga Incorporation has no commitments for significant capital expenditure at balance date.

## 11. Subsequent events

It is the intention of the Trustees to combine the Parengarenga B3C Trust, and the Parengarenga A Incorporation, into one reporting entity. The effect of this combination will be that only one set of financial statements will be prepared for the entity which will reflect the trading activities of both entities. At the time of preparing the 2018 financial statements, approval had been received from the courts to carry out this combination. The shareholders present at the 2013 AGM agreed to the amalgamation of Parengarenga B3C Trust and Parengarenga A Incorporation into a single share register. The Maori Land Court is yet to ratify the methodology for this amalgamation.

There were no other events after balance date which materially affect these reports.



## 12. Impairment of Fishfarm Assets

As the liabilities of Parengarenga Fishfarm Limited exceed its assets, the trustees resolved to recognise an impairment in the 2015 financial year. As the building is a special purpose building in a remote location it would be very difficult to obtain an accurate market value assessment. The trustees performed a valuation exercise as at 30 June 2015 to estimate the value of the assets of Parengarenga Fishfarm Limited. This resulted in recognising an impairment from a cost price less depreciation of \$3,859,921 to an assessed value of \$1,804,416. A further impairment was determined at 30 June 2017 to allow for depreciation for the 2016 and 2017 year. In 2018 another further impairment was determined at 30 June 2018 to allow for depreciation for the 2018 year. In 2019 a further impairment was determined to allow for depreciation for the 2019 year. The assessed value is now \$1,469,923. The Directors of Parengarenga Fishfarm Limited are actively pursuing Equity Partners to utilise the fish farm plant in the future however if a partner cannot be found, the value will require further impairment.

## 13. Secured loans

There is a draw down facility available of up to \$5 million. As at balance date the current balance is \$1,800,000.

Security on CARL Loan is by registered stock security over Rangī Station, all at Far North Road pastured at land situated at Paua Station, Te Paki Station and Te Rangī Station. Irregular payments are made at an interest rate of 4.77%. Maturity date is 28/04/28.

## 14. Related parties

There were transactions with Trustees, which are made on an employee PAYE basis (\$74,496).

## 15. Te Tumu Paeroa share purchase fund

The Maori Trustee currently holds 26% of the shares in Parengarenga A Incorporation and Parengarenga B3C Trust. These were acquired by the Maori Trustee in accordance with the Maori Affairs Act 1953 which allowed the Maori Trustee to purchase share interest in Maori Land, amalgamate and on sell those shares to other owners.

Under the Maori Affairs Amendment Act 1987 the value of the shares held by the Maori Trustee were deemed to be an advance made by the Maori Trustee to the owners of the other shares. A Deed of Agreement was entered in January 1995 between the Maori Trustee and Parengarenga Incorporation to repay the advance of \$843,000. This was to be paid by half yearly instalments of \$21,075. Upon repayment of the full advance to the Maori Trustee the shares will be vested to the other owners of the shares. The advance was due to be repaid in 2016.

Due to the length of time before the shares would be vested in the Incorporation the Trustees decided to suspend payments to the Maori Trustee until the amalgamation has been signed off by the Maori Land Court.

A further agreement was entered into during the 2016 financial year whereby on the amalgamation being signed off by the Maori Land Court, Te Tumu Paeroa will transfer their shares back to the incorporation and the incorporation will resume repayments over a number of years.

At 30 June 2019 there is a balance of \$800,850 outstanding and this amount is recorded as a liability in the consolidated balance sheet.





## Notes to the Consolidated Financial Statements

**16. Property, plant & equipment and depreciation**

<b>2019</b>	<b>Cost/Valuation \$</b>	<b>Accumulated depreciation \$</b>	<b>Net book value \$</b>
Land - valuation	\$18,813,500	-	\$18,813,500
Buildings - cost	\$2,211,194	\$3,788	\$2,207,406
Development - cost	\$1,865,537	\$84,194	\$1,781,343
Office Equipment - cost	\$59,352	\$34,085	\$25,267
Plant & Machinery - cost	\$1,743,888	\$508,479	\$1,235,409
Motor vehicles - cost	\$2,140,692	\$550,398	\$1,590,294
Fishfarm - cost	\$5,189,083	\$3,719,160	\$1,469,923
<b>TOTALS</b>	<b>\$32,023,246</b>	<b>\$4,900,104</b>	<b>\$27,123,142</b>

<b>2018</b>	<b>Cost/Valuation \$</b>	<b>Accumulated depreciation \$</b>	<b>Net book value \$</b>
Land - valuation	\$18,813,500	-	\$18,813,500
Buildings - cost	\$2,201,607	\$1,371	\$2,200,235
Development - cost	\$1,857,695	\$43,379	\$1,814,316
Office Equipment - cost	\$44,087	\$19,035	\$25,052
Plant & Machinery - cost	\$753,091	\$426,333	\$326,757
Motor vehicles - cost	\$832,356	\$495,701	\$336,655
Fishfarm - cost	\$5,189,083	\$3,646,511	\$1,542,572
<b>TOTALS</b>	<b>\$29,691,417</b>	<b>\$4,632,330</b>	<b>\$25,059,087</b>

Land, buildings and development have been restated to valuation in accordance with the rateable purposes.



## 17. Land valuation

Land vested by the Maori Land Court has previously been revalued to Government Valuations. An independent market valuation was undertaken by Zane Lucich, B.Appl.Sc (Rural & Farm Management) Dip. BS (Urban Valuation), Registered Valuer in January 2012. In 2017 the land was revalued to Government Valuations. Revaluations undertaken are as follow:

### A Incorporation

Land Valuation	1974	480,000
Land Valuation	1982	1,244,000
Land Valuation	1992	406,000
Land Valuation	1995	2,130,000
Land Valuation	1998	1,470,000
Land Valuation	2001	290,000
Land Valuation	2004	880,000
Land Valuation	2007	100,000
Land Valuation	2010	(1,400,000)
Land Valuation	2012	<u>(290,000)</u>
Market Valuation at 12 January 2012		\$5,310,000
Land Valuation	2017	(396,500)
Closing Valuation		4,913,500

### B3C Trust

Land Valuation	1977	320,000
Land Valuation	1982	1,412,000
Land Valuation	1989	(575,000)
Land Valuation	1992	113,000
Land Valuation	1995	1,335,500
Land Valuation	1998	197,000
Land Valuation	2001	(119,000)
Land Valuation	2004	73,500
Land Valuation	2007	352,000
Land Valuation	2010	(507,000)
Land Valuation	2012	<u>13,804,000</u>
Market Valuation at 12 January 2012		16,406,000
Land Valuation	2017	<u>(2,506,000)</u>
Closing Valuation		13,900,000



## Notes to the Consolidated Financial Statements

**18. Taxation**

As a Maori Authority, tax is charged at 17.5% of the taxable earnings related to the Maori Owners. The details for the year ended 30 June 2019 are as follows:

	2019	2018
<b>Taxation</b>		
<b>Net Surplus / (Deficit)</b>		
Net Surplus / (Deficit)	(683,046)	1,417,366
<b>Adjusted for</b>		
Less Taharoa Block C Write Off	-	-
Plus Holiday Pay Accrual	59,377	(31,201)
Less Capital Profit on Sale of Assets	-	(1,023,947)
Plus Parengarenga Fishfarm Expenses	206	465
Plus Gross Dividends	-	1,310
Less Net Dividends	-	(943)
Non Ded Parengarenga Fishfarm	72,649	79,381
<b>Total</b>	<b>132,232</b>	<b>(974,935)</b>
Total	(550,814)	442,431
<b>Deduct:</b>		
26% Maori Trustee Share	143,212	(115,032)
<b>Total</b>	<b>143,212</b>	<b>(115,032)</b>
74% Maori Owned	(407,602)	327,399
<b>Deduct:</b>		
Income Equalisation Payment	-	(612,000)
<b>Total</b>	<b>-</b>	<b>(612,000)</b>
<b>To Carry Forward:</b>		
Loss to be Carried Forward	566,366	279,118
<b>Total To Carry Forward:</b>	<b>566,366</b>	<b>279,118</b>
<b>Taxation at 17.5%</b>		
Taxation at 17.5%	10,682	451
<b>Total Taxation at 17.5%</b>	<b>10,682</b>	<b>451</b>
<b>Less:</b>		
Withholding Tax Paid	2,659	2,558
Provisional Tax Paid	7,279	49,438
Provisional Tax Paid Post Balance Date	-	-
Imputation Credits Paid	-	367
Taxation Payable / (Refundable)	745	(51,911)
Loss to be Carried Forward	1,035,009	566,366

**19. Maori authority credit account**

The balance of the Maori authority credit account as at 2019 is \$1,069,433.63. (Last Year: \$1,111,407.55)



## PARENGARENGA INCORPORATION

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

---

#### PARENGARENGA A INCORPORATION'S SHARE VALUATION

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 2019.

#### 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 as at 30 June 2019

#### Share Valuation

Parengarenga A Incorporation	\$33,800,938
Total Net Assets	<u>\$33,800,938</u> =====
Number of Shares	3,261,000
Net Assets per Share	\$10.37
VALUE PER SHARE	\$10.37





## PARENGARENGA INCORPORATION

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

#### PARENGARENGA B3C TRUST'S SHARE VALUATION

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 2019.

#### 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 2019 National Average Market Values released by the Inland Revenue.

#### Share Valuation

Parengarenga B3C Trust	\$30,990,788
Less Livestock Closing Values (NSC)	(\$546,741)
Plus Livestock Closing Values (NAMV)	\$1,062,282
Total Net Assets	<u>\$31,506,329</u> =====
Number of Shares	1,146,766
Net Assets per Share	\$27.47
VALUE PER SHARE	\$27.47

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



## Vision *Tirohanga Whāioio*

*A compelling glimpse of the future*

### Vision Statement

E whakapakari ana i tō tātou iwi, me nga hāpori, me te waihanga noki i tētahi huarahi e anga mua ai nga iwi o Te Hiku o Te Ika. He umanga Māori nō te whenua me te moana, e rongonuitia ana huri noa te ao.

*Growing our people and communities, shaping the Te Hiku future, through a world-class, sustainable enterprise of the land and sea.*

## Core Purpose *Te Aronga*

Pārengarenga

He Puna Oranga

E rahi e!

*Serving our wellbeing to the world.*

## Core Values *Ngākau Pono*

- **Te Pono ki te kaupapa** . . . . . integrity
- **Te ū ki te kaupapa** . . . . . professionalism
- **Manaakitanga** . . . . . showing respect, generosity and care for others
- **Rangatiratanga** . . . . . leadership, authority, humility, diplomacy
- **Wairuatanga** . . . . . spirituality
- **Kotahitanga** . . . . . unity, togetherness, solidarity, collective action
- **Pūkengatanga** . . . . . teaching, preserving and creating Māori knowledge
- **Kaitiakitanga** . . . . . guardianship, stewardship, trusteeship

## Big Hairy Audacious Goal (BHAG)

*Tiro Tawhiti*

By 2030, we will give back to our community \$1m every year [earned by selling our premium brands to the world].

## 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.**



## Key Capabilities *Ngā Aheitanga*

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 *Ngā Aheitanga*

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	



# Notes



# Notes





**Pārengarenga Incorporation**

6636 Far North Road, RD4, Kaitaia 0484

Tel +64 9 409 7831 | Freephone 0800 PARENGA (727 364) | Email [info@parengarenga.co.nz](mailto:info@parengarenga.co.nz)