

**Pārengarenga Incorporation**



# Annual Report 2020

## *Pūrongo 2020*

*Lake Kihona*

**Pārengarenga Incorporation**

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*Simon Abraham with his dogs*



**Pārengarenga Incorporation**

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# Our Strategy 2020-2025 - Overview

## Mahere Rautaki

### Our Vision

#### Te Wawata

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

### Our Mission

#### Te Aronga

By 2030, generate \$1m in community value every year through jobs and shareholder returns by serving our wellbeing to the world

### Our Five-Year Plan and Goals

#### Te Take me Ngā Whāinga

Develop a diversified and sustainable portfolio of commercial investments that leverages our land assets to deliver \$12m annual revenue by 2025

### Our Shared Values

#### Ngā Tikanga

##### WHAKAPONO ME TE TIKA

*Integrity, Honesty, Trust*

We believe in an open, respectful, and honest approach to achieve trust in all that we do

##### KAITIAKITANGA ME TE WAIRUA

*Guardianship Spirituality*

We protect our whenua and wai, and value our cultural inheritance

##### MANAAKITANGA

*Respect, Generosity & Care for others*

We respect and care for everyone in our work and workplaces

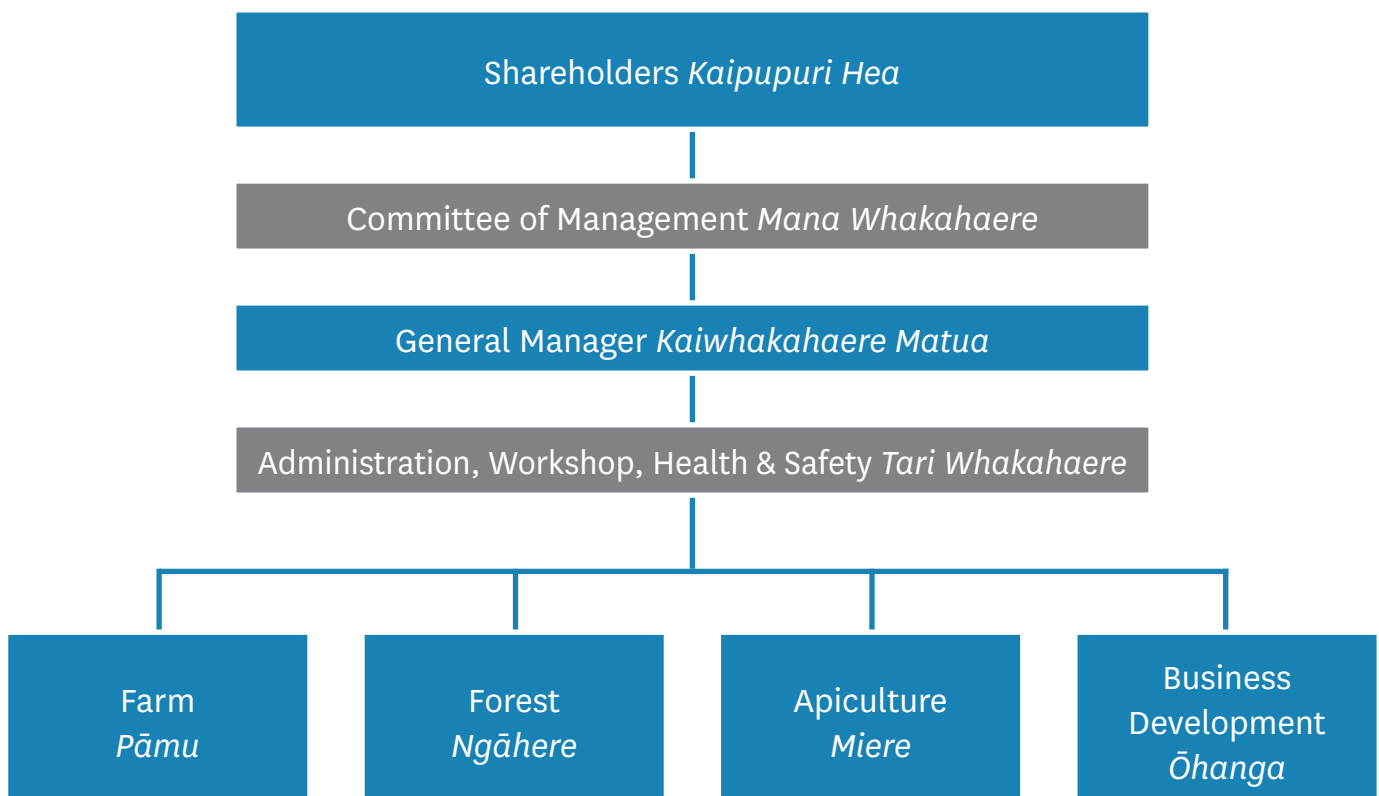
##### RANGATIRATANGA

*Leadership, Team Work, Growth*

We work with our leaders to build a strong team to produce business growth within our community

### Ngā Whāinga

Sustainable annual revenue streams, shareholder return, community prosperity and growth in asset value







# Agenda

## Rārangi Take

<b>9.00am</b>	<ul style="list-style-type: none"><li>• <b>KARAKIA AND MIHI</b></li><li>• <b>APOLOGIES</b> Ngā Tono Aroha</li><li>• <b>OBITUARIES</b> Ngā Maumahara</li><li>• <b>CONFIRMATION OF PROXIES</b> Pepa Whakakapi</li></ul>
<b>9.45am</b>	<ul style="list-style-type: none"><li>• <b>MANAGEMENT COMMITTEE ELECTION</b> Pōtitanga Komiti Whakahaere</li></ul>
<b>10.15am</b>	<ul style="list-style-type: none"><li>• <b>CONFIRMATION OF ANNUAL GENERAL MEETING MINUTES 2019</b> Ngā Minitī 2019 kia Whakatūturutia</li></ul>
<b>10.45am</b>	<ul style="list-style-type: none"><li>• <b>CHAIRMAN'S REPORT</b> Pūrongo o te Heamana</li></ul>
<b>11.30pm</b>	<ul style="list-style-type: none"><li>• <b>ANNUAL FINANCIAL ACCOUNTS</b> Ripoata Pūtea mo te Tau</li><li>• <b>APPOINT AUDITOR AND SHARE VALUER APPOINTMENT</b> Whakaritenga Kaitaatari Pūtea me te Kaiwariu Hea</li><li>• <b>GENERAL BUSINESS</b> Umanga Whānui Motion to set COM member fees</li></ul>
<b>12.45pm</b>	<ul style="list-style-type: none"><li>• <b>CLOSE OF AGM</b> Mutunga</li></ul>
<b>1.00pm</b>	<ul style="list-style-type: none"><li>• <b>LUNCH</b> Tina</li></ul>

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 2020 Pārengarenga A Incorporation and Pārengarenga B3C Trust AGM be accepted.

### Proxies (Confirmation of Proxies)

2. **THAT** the Proxies for the combined 2020 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 23rd November 2019 be confirmed as a true and correct record.

### Reports

4. **THAT** the Chairman's Annual Report 2020 be adopted.

5. **THAT** the combined Pārengarenga A Incorporation and Pārengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2020 be adopted.

6. **THAT** the Te Kao Forest Lease Report July 2019-June 2020 be adopted.

### Appointment of Auditor and Share Valuer

7. **THAT** PKF Francis Aickin Limited, Chartered Accountants of Kaitaia, be retained as Auditors for the Pārengarenga A Incorporation for the 2020/2021 financial year and

8. **THAT** BDO Northland, Chartered Accountants of Kerikeri, be appointed as Share Valuers for the Pārengarenga A Incorporation for the 2020/2021 financial year.

### Motions

9. **THAT** the shareholders approve that we establish 4 remuneration bands for COM member fees as follows:

- Band 1: Chair @ \$25,000 pa
- Band 2: Vice-chair and Treasurer @ \$10,000 pa
- Band 3: Farm and Forest Committee chair @ \$7,500 pa
- Band 4: Com member @ \$5,000 pa

and that the GM and Chair develop job descriptions for each role that encompasses all activity for that position. The annual fee is to be a total reimbursement for that role, excluding travel and out of pocket expenses.

### Background

Last year's remuneration to COM members was \$82,500; \$74,500 in 2018 and \$56,500 in 2017. This increase reflects the growing workload of COM members alongside the GM, including changes in management and increased developments across the business. These amounts include fees for Farm and Forest Committee meeting attendance and time charged by individual COM's members outside of the normal meeting framework.

The total remuneration to COM members, based on the proposed motion, is \$70,000 pa – which is \$12,500 less than last year's expenditure and is in keeping with COM's intent to review organisation setup and trim costs to more sustainable levels. The new "total remuneration" methodology ensures that we will have absolute budgeting certainty and transparency.

### Clause 24(2) of the Constitution states:

"No member of the committee shall vote or take part in the discussion on any matter before the committee that directly or indirectly affects that person's remuneration or the terms of his or her employment as a servant or officer of the Incorporation, or that directly or indirectly affects any contract in which that person may be interested or concerned".

This clause precludes COM from setting attendance fees and, even further, from any COM member proposing any motion at the AGM or participating in any debate on the matter, whether at the AGM or at a COM meeting.

It is for this reason that the GM seeks a proposer and seconder for the motion from the floor.

### Setting of the next Annual General Meeting date

10. **THAT** the date be set down for Saturday 27th November 2021.



# Minutes

## Ngā Minitī 2019

Of the combined Pārengarenga A Incorporation and B3C Trust  
Annual General Meeting held at Potahi Marae, Te Kao 23rd November 2019

### Start:

9.02 am

### Opening Whakamoemiti:

Ema Kaipo-Dunn

### Mihi:

Heta Conrad, Mane Harrison, Maahia Nathan

### Trustees:

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

### Present:

Agnes Smith  
Ana R Carpenter  
Anaru Rieper  
Ange Ford  
Ani Hohe Heta Trust  
April Hetaraka  
Arena Heta  
Audrey Cook  
Barry Carey  
Bella Nathan  
Betty Harris  
Catherine Petera  
Chad Paraone  
Clayton Wiki  
Dan Henderson  
Davan Tito  
Dean Lee  
Duanne Golley  
Duncan Kapa  
Ema Kaipo-Dunn  
Erana Kapa Tito  
Errol Lee  
Eunice Wiki  
Fay Armstrong/Murray  
Gaye Leefe  
George Everitt  
Gerard Harris  
Gillian Harper  
Harry Kapa  
Harry Wiki  
Hemowai Minty  
Heta Conrad  
Hine Nopera  
Hinerangi Murray  
Hoana Karekare  
Hugh Ford  
Iwa Williams  
Jack Ratu  
Jerry Brown  
Jo Howearth  
Joan Dangen  
John Karena  
John Paitai  
John Tahana  
Joyce Munns  
Julia Vaka  
Kahi Harawira  
Kaneihana Kaaka  
Karani Harris  
Kororia Wiki  
Lennis Lee  
Lovi-Ann Murray  
Maahia Nathan  
Manu Karena  
Maria Wiki  
Maringinoa Wood  
Mark Nathan  
Maro Abraham  
Maudie Hughes  
Melanie Dalziel  
Meri Cope  
Meri D Wiki  
Mike Wikitera  
Mita Cooper  
Ngainanga Kapa  
Ngairi Wiki  
Nik Karena  
Pauline Wilton  
Pereniki Conrad  
Peter Houston  
Rahuia Kapa  
Rangimarie Rameka  
Raymond Harris  
Ria Slade  
Richard Job  
Rihari Wiki  
Rita Carey  
Robert Brown  
Robert Everitt  
Rose Harris  
Rosie Conrad  
Rosina Girlie Clarke nee Anderson  
Rozita Leoni  
Sally Golley  
Sandra Everitt  
Shady Davidson  
Shannon Wiki  
Shirley Wharerau  
Simon Abraham  
Simon Waenga  
Stephen Rameka  
Te Huia Cooper  
Te Puaawai Nopera  
Tireiniamu Kapa  
Tiwaha Everitt  
Tui Kapa  
Tunisia Tipoki  
Tutangiora Nathan  
William Isaacs  
Winiata Brown  
Wirinia Wiki  
Zoe Isaacs Ihaka

### Apologies:

Aarena Carpenter  
Aaron Keepa Wetere  
Ana Rose Otene  
Angel Subritzky  
Arthur Eruera  
McManus Whanau Trust  
Awa Kaipo  
Bernard Butler  
Bernie Kapa  
Carl Vesetolu  
Catheryne Dangen  
Cecilia Tatana and Whanau  
Charlotte Harris  
Chevotlea Harris  
Campbell  
Cilla Paparao  
Daniel Kapa  
David Henry Kaaka  
David Kapa  
David Kapa  
David Walker  
Deena Taylor  
Dolly Brown  
Doris Povey  
Duron Lee  
Edith Samson  
Edward Shirley  
Gardiner  
Erica Tahitahi  
Frank Andrew  
Frank Butler  
Frank Vesetolu  
Fred Povey  
Fred Wiki  
Gail Knight  
Garth Butler  
George Tahitahi  
Glendith Samson  
Hana Slade  
Helena Rewi  
Hipiriona and Hera  
Hotere Whanau Trust  
Hori Nathan  
Isabel Rickard  
James Tattersall  
Jane Allan  
Jasmine Kapa  
Joe Everitt  
John Butler  
John Slade  
Jordan Knight  
Josephine Handas  
Josephine Nathan  
Joyce Baker  
Kare Wiki  
Kare-Jo Joyce  
Karli Knight  
Karyn Tattersall  
Keita Rangimarie Kaaka  
Kess Carpenter  
Koro Kaipo  
Lance Taylor  
Lawrence Vesetolu  
Lesley Murray  
Lindy Panui  
Luke Piripi Kaaka  
Manihera Takerei  
Marama Brown  
Marie Foy  
Maringinoa Otene  
Martin Kaipo  
Mary-Jane Povey  
Mata Kaipo-Cook  
Matiu Kapa  
Mavis Nopera  
Mei Cope  
Mitchell Dangen  
Morehu Kaaka  
Nassah Steed  
Nathan Henderson  
Orzogna Harris  
Paihere Kaaka  
Parani Wiki  
Pare Hauriki  
Thomas  
Peta Tahitahi  
Piri Wi Kaipo  
Rangi Harris Waikara  
Rangimarie Wikaira  
Rawinia Everitt  
Reina Tuai Penney  
Renee Rameka  
Reremoana Potts  
Reuben Paparao WT  
Richard Wiki  
Rima Matiu Kaaka  
Ririana Wikitera  
Russell Hockley  
Shannon Wiki  
Sinclair Otene  
Stuart Taylor  
Tahimoana Kapa  
Tania Good  
Tawhiri Wiki  
Te Awhina Kaaka  
Te Kareongawai Jo Joyce  
Ted Creelman  
Thomas Wiki  
Tio Hekiera Jacobs  
Trevor Butler  
Tyshana Nathan  
Verna-Lu Te Aroha Kaaka  
Vicki Povey  
Vicky Otene  
Wahanui Maikara Kaaka  
Wiremu Conrad Kaaka  
Wiri Kaipo  
Zonya Harris Wherry

1. THAT the Apologies of the 2019 combined Pārengarenga A Incorporation and Pārengarenga B3C Trust Annual General Meeting be accepted.

Moved by John Tahana Seconded by Heta Conrad

Carried



## Obituaries

Ada Heta (nee Petera)	Moana Henare (nee Karen)
Alan Hadfield	Ned Ihaka
Anna Vaoletti (nee Conrad)	Nellie Rata (nee Eruera)
Arthur Kapa	Ngauma
Barry Brown	Ngawini Kerehoma
Bert Matchitt	Norman Norman
Cecilia English	Oneroa Matiu Pihema
Clarence Robson	Parani Subritzky (nee Wiki)
Claude Tawhara	Paris Halkyard
David Bennett	Pikiteora Pirihi (nee Nathan)
Edwin Tahana	Pita Paraone
Eileen Waenga	Ramari King (nee Wells)
Erina Waenga (nee Smith)	Reg Waenga
George King	Rereahu Woodcock (nee Morehu)
Hector Busby	Ringakaha Waenga
Helen Kaipō	Robert Lee
Herewini Karaka	Robert Tamati
Heta Tobin	Ronnie Fenwick
Hine Rangī Iese	Rorana Lazarus
Jerry Radovanovich	Sinclair Otene
Joseph Murray	Tame Kahiti Murray
Kereta Tatana	Thora Christensen (nee Blucher)
Lesha English	Tony Halkyard
Marie Harawira (nee Herewini)	Tyronne Petricevich
Marino Leef	Violet Samuels (nee Brown)
Matekino Pihema	Whererika Popata
Melvin Clarke	William Henry Ihaka
Mete Keepa Kaaka	William Puru

The hui stood for a minute's silence in remembrance and respect for those who had passed on.

## Proxies

Shareholder	First Proxy	Second Proxy
Aarena Carpenter	Tireiniamu Kapa	Ana Carpenter
Catheryne Dangen	Joan Dangen	Phyllis Steed
David Walker	Gillian Harper	
Frank Andrew	Gillian Harper	Leona Waenga
Helena Rewi	Raewyn Dickson	
Hipiriona and Hera Hotere Whanau Trust	Frances Hotere	Jane Hotere
James and Hemotai Selwyn Whanau Trust	Duanne Golley	
Jane Allan	Thomas Allan	
Kare Wiki	Hemowai Minty	
Kare-Jo Joyce	Jerry Brown	
Kess Carpenter	Tireiniamu Kapa	Ana Carpenter
Mitchell Dangen	Joan Dangen	Phyllis Steed
Nassah Steed	Joan Dangen	Phyllis Steed
Parani Wiki	Hemowai Minty	
Shannon Wiki	Hemowai Minty	

**2. THAT** the proxies for the combined 2019 Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting be accepted.

**Moved by** Heta Conrad **Seconded by** Tui Kapa **Carried**

## Minutes

Confirmation of Previous Annual General meeting minutes:

### Amendments to minutes

#### Page 7 Access to the Bluff

An amendment was requested to clarify that the Incorporation had provided a verbal apology to the whanau over this matter. The committee asked shareholders to avoid pressuring the whanau about access to the Bluff via Oromanga Road. The committee and whanau are still working through this.

**Page 8** Spelling error Hetaraka not Hetareka

**Page 8** Change of name Maringinoa Wood-Wetere to Maringinoa Wood

**1. THAT** the Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 24th November 2019 be confirmed as a true and correct record, with these amendments.

**Moved by** Tui Kapa **Seconded by** Maringinoa Wood **Carried**

### Matters Arising:

**Takutai Moana Application** As stated in the Chairman's Report, a High Court hearing was held for a wide group of northern region applicants in June 2019. This was largely on administrative matters about the overall process, not on the content of any individual application. There has been little movement since. Both the Crown and High Court processes are slow. We do not expect any significant progress on hearing our application will be made until 2021.

**Access to Te Pua** The Te Pua reserve is open to camping. Prices are set at \$30 per boat, \$10 per person per night of camping and a koha from haukainga and shareholders. Access is now monitored by Ted Nathan.

**Access to Waka Te Haua** Haukainga have been given access to Waka Te Haua through whanau land. Keys were given to each household in Te Kao. Although this arrangement has been working well, the Incorporation is considering alternative arrangements that may improve on this.

**Access to Great Exhibition Bay** Access is through both the Incorporation land and Te Runanga Nui o Te Aupouri land. Keys for this access are available from Te Runanga Nui o Te Aupouri Trust.

Shareholders spoke to their rights as kaitiaki for the Incorporation whenua and made clear their expectations that they should always be able to access these areas (e.g. Waka Te Haua and Te Pua).

**Horses** Discussions have been held with Department of Conservation, Northland Regional Council and Bird & Game NZ around a whole range of pests within the Incorporation whenua. These will be explored in more detail over the next year.

**Mutton** The price per mutton will be increased to \$100. There will be 1 mutton per whanau trust or shareholder per year, with a maximum of 100 mutton for the year. Those shareholders who missed out on mutton in 2018 will be given first priority.

**Fishfarm** In terms of the fish farm facility, there is a current usage agreement in place. A range of ideas are continually raised with the Incorporation, but nothing fully formed or worth due diligence. Meanwhile, our limited resources are fully focused on the current workload (farm, forestry, biochar, apiculture/honey, Takutai Moana, and so on). Any robust proposals regarding the facility that are feasible and viable should be raised with the General Manager in the first instance.

## Chairman's Report

The Chairman spoke to the 2019 report and presentation to shareholders,

### Key Points Arising:

**Annual Report** The Chair apologised to shareholders for the delay in sending the annual reports and election papers out. Administrative issues when posting the books caused this.

**Farm** Further discussion was held on the stock losses reported in the Chair's presentation. Investigations to date, including



additional stock counts, confirmed a discrepancy between recorded and physical numbers but could not prove if this was due to errors in the recording and accounting records (i.e. an error on paper) or the result of cattle rustling (i.e. actual cattle going missing). It was most likely a recording issue, given three changes in farm management over the past year and a half. This was a major concern to the committee. Shareholders were advised the farm committee and Incorporation accountants are closely reviewing the entire process and recording procedures for stock counts and movement of animals to tighten up the process and avoid further errors.

**Apiculture** The 300,000+ manuka planted to date (as riparian planting around the edges of waterways) will start generating additional revenue as they mature and can host more beehives from next year.

**Biochar** A trial operation has been in place and early results are promising, but there is a long way to go yet with research and development. Government funding of \$160k has helped with these early investigations, and there is lot of interest from government agencies in the range of potential benefits associated with biochar and farming.

**Tikanga** In order to strengthen tikanga and relationships across the organisation, the Incorporation undertook a review and refresh of organisational tikanga and values with all employees.

Strategic Planning – Wording changes to the strategic 3 Year Goals were raised. These came about from shareholders during a strategic planning hui held at Potahi Marae earlier in the year.

**Marae Trustees** The Potahi Marae Chairman stood to acknowledge and thank the Incorporation for their koha which enabled the cover to be built over the back of the marae kitchen area. This is something the marae committee had been wanting to do for a long time. The Incorporation's contribution was greatly appreciated.

**Amalgamation** The amalgamation of shares on the share register is still held up, awaiting action by the Māori Land Court. The Incorporation continues to push the Court for progress on this matter.

**Training** There was discussion on training and education opportunities for staff. The Incorporation has adopted a policy of requiring all staff to undertake some form of development/training each year. The Incorporation is now an approved North Tech provider and is currently looking for a suitable space and location from which to base training. Shareholders expressed interest in training opportunities being extended to shareholders. The Chair noted that the committee's priority focus is on training staff to deliver on the core business of the Incorporation. If there are opportunities to extend beyond this without significant additional cost, this could be looked at.

**2. THAT** the Chairman's annual report of 2019 be adopted.

**Moved by** Tui Kapa **Seconded by** Rahuia Kapa **Carried**

#### Audited Accounts

**3. THAT** the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated accounts for the year ending 30 June 2019 be adopted.

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

#### Te Kao Forest Report

**4. THAT** the Te Kao Forest Report for 2019 is adopted.

**Moved by** Tiwha Everitt **Seconded by** Tui Kapa **Carried**

#### Appointment of Auditor and Share Valuer

**5. THAT** PKF Francis Aickin Limited Chartered Accountants of Kaitaia be retained as Auditors for the Parengarenga A Incorporation for the 2019/2020 financial year.

**Moved by** Clayton Wiki **Seconded by** Tereiniamu Kapa **Carried**

**6. THAT** BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Parengarenga A Incorporation for the 2019/2020 financial year.

**Moved by** Clayton Wiki **Seconded by** Tereiniamu Kapa **Carried**

#### General Business

**Kaihape** Shareholders were advised that the Kaihape papakainga area was set aside by the Incorporation many years ago, under a 'license to occupy' arrangement, to cater for shareholders who did not have access to whanau land to build and live on. There are 30 sites. For many years, there had been very little interest from shareholders in the sites. More recently, enquiries have come from shareholders who do have access to whānau land but for various reasons have not been able to build there. As a result, the committee reviewed the policy and agreed to set aside one third (1/3) of the sites for shareholders who do have access to whanau land but still wish to build on Kaihape.

#### Election of Members to the Committee Of Management

Barry Carey was appointed as Returning Officer. Josephine Howearth and Julia Vaka were appointed as Scrutineers. The election was held and the resulting vote counts were:

**81 Huia Cooper**

**68 Joyce Munns**

42 Maahia Nathan

30 April Hetaraka

23 Rawinia Everitt

The Chairperson declared that **Huia Cooper** and **Joyce Munns** were thereby appointed to the Committee of Management for the Parengarenga Incorporation.

Huia and Joyce stood to acknowledge all candidates and shareholders. Maahia addressed the hui and acknowledged the shareholders for exercising their right to vote. The Chair acknowledged Maahia for the many, many years he had spent on the Committee and thanked him for his contributions over that time in serving the Incorporation and the shareholders.

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

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

**Moved by** John Tahana **Seconded by** Raymond Harris  
**Carried**

**Closing Karakia:** Ema Kaipo-Dunn **Meeting finished:** 12.53 pm





# Committee of Management

## *Komiti Whakahaere*



**Chad Paraone**  
*Chairman*



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



**Joyce Munns**  
*Development*



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



**Huia Cooper**  
*Policy and  
Procedure*



**Pereniki Conrad**  
*Farming*



**Rihari Wiki**  
*Forestry*



**Barry Bouton**  
*General  
Manager*



# Chairman's Report 2020

## Te Rīpota o te Heamana

E ngā kaupuri hea, ngā uri o rātou mā, tēnā koutou katoa.

Te hunga wairua, koutou kua takatakahia te ara wairua ki Te Reinga, atu ki Hawaiki nui, Hawaiki roa, Hawaiki pamamao, haere. Ka rongo i ngā tai tangi rua e ngunguru i te ao i te pō. Ko te papaki o te ngaru, ko te kakapa o te manawa. Pari mai te tai moana, timu atu te tai tangata. Mō koutou te tai ahiahi, mō mātou te tai ata. No reira, haere.

Ki a tātou nei, ngā kanohi ora, ngā kaupurihea, te hau kāinga, tēnā tātou katoa.

### General

2020 has been a challenging year for the Incorporation. The year has been dominated by the simultaneous loss of both our General Manager and Farm Manager, navigating our business through COVID-19 (including shut down of forestry operations for a period), continued drought conditions and the reshaping of our forest and farm operations.

Despite these difficulties, the team have pushed ahead with plans to rebuild farm performance over the next two years, shift forestry operations up a gear ahead of second harvest in 2024, complete phase 1 biochar investigations and identify next steps, grow the honey revenue stream, and investigate water storage options and funding to allow strategic investment in future horticulture and pasture development.

While the current operating and financial conditions are challenging, we are settled on a strategic direction to build the operational base and produce significantly better performance and results over the next 3-5 years.

### Finance

Overall, the Incorporation had a net loss (after taxation) for the year of \$513,064. It should be noted that depreciation was a significant factor in this, particularly in our 2 main trading businesses, Forestry and Farming. This is due to investing previously in equipment for our own forestry operation, as well as on the farm. Earnings before depreciation highlight this:

<b>Forestry:</b>	Net Profit (before tax)	669,776
	Depreciation	294,756
	<b>Operating Profit</b>	<b>375,020</b>
<b>Farming:</b>	Net Profit (before tax)	612,299
	Depreciation	180,980
	<b>Operating Profit</b>	<b>431,319</b>

Net assets sit at \$64.1 million.

The farm continues to be our primary source of revenue with trading income of \$4.2 million, although forest is growing and is forecast to reach \$4.5 million next year.

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

### Forestry

We started 2019-2020 along the same lines as the previous year. We sold in excess of 39 thousand tons of wood and earned \$2.9 million revenue. Operating profit was \$669,776 before depreciation (\$294,756).

The Committee of Management have set a target date of July 2024 for the second rotation to start.

Forestry operations are overseen by a Forestry Advisory Committee, chaired by Rihari Wiki. This Committee includes two independent industry experts who are familiar with our operations. Independent assessment of our production thinning performance, plus in-house pre- and post-harvest plotting assessments, provides the basis for monitoring the quality of work outcomes. Selected staff have been trained to carry out these work functions. An independent audit of completed work was completed. It was concluded that we are tracking well, and that team performance is constantly improving.

COVID-19 saw our forestry team having to stop work for about 5 weeks. We applied for, and were granted, the wage subsidy. This enabled us to maintain our staffing levels at full pay.

The Christmas / New Year period brought us challenging conditions associated with dry hot weather. To minimise health and safety risks to staff and the fire risk to the forest, changes were made to operational procedures including altering staff working hours. The risk of fire was reduced by minimising the use of machinery during the hottest times of day. Our farm and forestry teams worked together to produce a firefighting system for both entities and staff received training on how to use it.

Early forestry operations, commencing May 2019, mainly consisted of production thinning, felling of farm woodlots, and clearfelling some coastal strips. During the year, 4 unthinned compartments, comprising some 200 hectares planted in 2004, were assessed. After commissioning reports and debating various options, the Forestry Committee determined it is not viable to thin these trees, due to their age and size. This is because of the high risk of windthrow damage. The value of these trees was also deemed likely to increase only marginally over time. The decision was made to harvest these compartments over the period leading up to second rotation.

The 2021 forest budget forecasts an operating profit of \$887,000 and a net profit after depreciation and interest of \$574,000. These 4 compartments are expected to generate a contribution of \$1.2 million. Without this, forestry operations would make a loss of \$625,000 next year and similar losses for the next 3 years after that. On balance, this harvest will allow the forest 'normalising' process to commence. It will also prove essential in providing income to fund Incorporation activities, including the thinning to waste programme and farm rejuvenation support up until 2024.

In summary, our harvested wood continues to be sold into various domestic and export markets. This minimises our risk exposure and captures premium returns. Health and safety, as well as training, remains a priority across our forest operations. We are pleased to report that there have been no significant incidents during the year.

### Farm

COVID-19 saw our farming staff, like everyone else, go into lockdown. However, they continued to operate the farm as farms were classified as an essential service. It required a huge effort by all concerned. Some office staff mostly worked from home.

Mid-2019 saw the Committee of Management review and re-shape the Farm Advisory team, now comprising Nik Conrad (chair), John Woodward, Terry Walters and Gerald White. The organisation also saw the departure of General Manager John Brough and Farm Manager



Kathryne Easton. As Chairman, I wish to acknowledge again the significant contributions of both Pete Hill (who agreed to step in as acting General Manager) and Johnny Everitt who stepped in and led the Farm operation for the remainder of the year, working closely with the Farm Advisory team. The efforts and experience of both enabled the Incorporation business to continue moving forward while recruitment plans were put in motion.

The Farm has begun implementation of a refreshed livestock and development plan. The livestock plan provides for the stabilizing of breeding cow and ewe numbers at current levels, while increasing the bull finishing component. The development plan to enable the finishing systems to be achieved, includes identifying suitable areas of the farm to match the policy of 2-hectare fenced cell systems with reticulated water. The 3-year business plan budget forecasts a cash deficit of \$1.3m next year. In the second year of the plan, there is a projected budget surplus of \$428,380. By year 3 there is a projected budget surplus of \$1.8m. These financial budgets were prepared in consultation with the Farm Advisory team. The plan highlights the increase of livestock from the current 34,657 stock units in 2020 to 42,000 stock units in 2023, which leads to the subsequent increase in productivity and profitability.

### Apiculture

Further manuka planting has taken place in the year, assisted by government grants. A contract has been entered into with Kauri Park Nurseries that provides for up to 1,000 hives, owned by them, being located on our property. This is up from the 530 hives the prior season. The growth in hive numbers, and therefore revenue, is related to the substantial manuka plantings we have carried out over the past few years.

### Biochar

Ag Research have collated and prepared a report from the data collected during the initial biochar project. Some positive results were captured from the stock consumption of biochar, including a reduction in cattle health issues (worms) and indications of an increase in livestock weight. These results need to be treated with some caution however, as some elements of the trial were not as scientifically robust as we might have hoped, and the drought conditions also may have had an impact.

Ag Research recommend further research, using calves to collect data on the effects of biochar on their immune system. If local research could establish a link between the consumption of biochar and a reduction in disease/worms, this could reduce the requirements for drenches and therefore potential for significant savings in the farm's animal health budget.

Pasture growth trials will take longer to research, as the change of seasons and tilling methods still have to be considered.

Overseas research has indicated that the potential exists to reduce the use of traditional fertilisers by half, by tilling in biochar that will hold moisture, nutrients and carbon in the soil.

Ag Research has an active interest in being involved with any further research that might be conducted at Pārengarenga and have put forward a proposal aimed at securing funding to measure the effect of biochar on leaching and greenhouse gas emissions. These, and other possible components of a Phase two biochar project, are currently under consideration.

### Takutai Moana

The High Court continues to grapple with managing the volume of 300+ Takutai Moana applications around the country and has adjourned our case (along with many others) for a further 12 months. A small number of priority cases have been identified and are being

progressed by the Court. These cases and their subsequent rulings will be watched closely by many.

In the meantime, we continue to gather traditional evidence and expect a final report from our research team before the end of the year. We plan to get together with Te Runanga Nui o Te Aupōuri between now and mid-2021 to discuss our overlapping applications.

### Share Register amalgamation

We continue to press the Māori Land Court to progress our amalgamation applications. Court officials have advised that they are on track to deliver the summary of our applications to Judge Armstrong, starting with the Judge Ambler's minutes from 2016. We are hopeful that progress can be made ahead of the AGM.

### Water

We have consulted with experts on potential water sources and storage, along with our neighbours Te Aupōuri, Muriwhenua Inc and Ngāti Kuri. We continue to work together to find solutions to access water for both irrigation and horticulture, as well as drinking water purposes. Together with Te Aupōuri and Ngāti Kuri, we submitted a joint application for PGF funding to enable each entity to investigate (and potentially construct) a sizeable water storage reservoir on each property over the next 3 years. This is part of a 10 year strategy to secure access to water that will provide both security during dry years, some pasture irrigation that will also support us to find better ways of rebuilding soil health for the future, and finally to enable the Incorporation to shift towards food production (horticulture). Having the water to get into horticulture means we can contribute to better food security for the local communities, and pursue higher value returns than are possible from farming.

### Shareholder and local community contributions

In closing, I would like to express my thanks to the Committee of Management, to all the team of managers, staff, advisors and business partners who have supported Parengarenga Incorporation throughout the year. I extend these thanks to our shareholders and local community members who continue to come forward and help us out at various times. A particular thank you, once again, to our Acting General Manager, Pete Hill, who stepped into the breach whilst we recruited a new General Manager. Because of COVID-19 lockdowns and movement restrictions, this turned out to be a little longer than anticipated (!) – but we were very fortunate nonetheless to have his knowledge and experience to keep the staff and business steady. Anō ngā mihi maioha ki a koe, e Pete.

Kāti rā. Haere tonu ngā mihi ki a tatou. Kia haumaruru te noho, me te haere i runga i ngā rori.

For those who will attend to our 2020 AGM, I look forward to seeing you all there.

Nāku iti noa,

**Chad Paraone**, Chairman



## Te Kao Forest Lease Report July 2019 – June 2020

### Legal Description

Part Parengarenga B3C Block containing 3977.7145 hectares comprised under record of title NA67B/56. 3234.4 hectares of which is contracted under lease to Taumata Plantations Limited (TPL). The lease is managed on TPL's behalf by Hancock Forest Management (NZ) Limited (HFM NZ).

### Term

The term of the lease is 75 years with final expiry in 2054.

### Rental

There is no annual rent payable. Rent has been forfeited for a 20% share of the net return from harvest of the tree crop (Stumpage).

### Statistics

Land type	Planting Year	Area (Ha's)
Planted	2011	272
	2012	415
	2013	379
	2014	433
	2015	369
	2016	196
Cutover		21
Unstocked Gap		45
		<b>2,129</b>

Land type	Area (Ha's)
Skids & Roads	42
Retired Cutover	14
Retired Planted	59
Reserves	929
Utility, Water	62
	<b>1,106</b>
<b>Total Area</b>	<b>3,234</b>

### Crop Status

Harvest of the first rotation merchantable tree crop was complete in 2015 with replanting of the second rotation completed in 2016. Tending operations of the second rotation will occur over the next decade. It is anticipated that harvesting of the second rotation crop will start around 2038.

### Forest Health

A survey of the forest by SPS Biosecurity Ltd detected no new pests or diseases, and no significant health issues. COVID 19 restrictions prevented ground based foliar sampling from being undertaken in 2020. HFM NZ will follow advice provided by Scion which is to sample these areas in 2021.

### Historic Sites

As previously reported, a number of wāhi tapu sites exist within the forest. HFM NZ 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 have been no further sites of significance discovered.

### Health and Safety

It is pleasing to report that there have been no health and safety incidents during the period.

### Forest Certification (FSC and PEFC)

Forest certification is the process of independent and external assessment of forests and forest management practices against a predetermined set of internationally accepted environmental standards. A certificate is issued to confirm that the forest conforms to the requirements. HFM NZ has held certification with the Forest Steward Council (FSC) for many years. FSC certification is internationally recognised as the most rigorous environmental and social standard for responsible forest management.





In 2018 HFM NZ achieved dual certification through a second audit process undertaken 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 or 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 annual FSC and PEFC combined audit was carried out in the HFM managed forest estate in August 2020. HFM's certification for both entities was confirmed for another year.

### Environmental

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

No environmental incidents have been reported during the period.

Northland Regional Council (NRC) is not required to monitor establishment operations; the resource consent held for the forest in relation to earth works during harvesting has been surrendered.

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

Gorse has been sprayed on the western farm boundary and on firebreaks where required. Work is planned for the next financial year to improve the firebreaks near SH1.

HFM NZ is continuing to monitor regeneration of *Pinus Radiata*, *Acacia* and *Oxylobium* regrowth near the dune lakes. Ongoing weed eradication and monitoring is planned until a healthy population of indigenous flora has established.

### Re-establishment & Tending

Operations undertaken during the period were:

- Post Plant Blanking: 22 hours (FNR Forestry Ltd)
- Quality Control Releasing: 35 plots (Forest Inventories 2000 Ltd) for work completed in previous financial year.
- Quality Control Thin to Waste: 272 ha (Forest Inventories 2000 Ltd)
- Mechanical thinning to waste: 272 hectares (Tombleson Ld) with a target of 600 stems per hectare

Forest	Cpt	Stand	Area (ha)	Initial stocking	Target stocking	Stocking achieved
TKAO	5	21	26.8	1043	600	655
TKAO	5	22	11.9	1068	600	620
TKAO	7	16	233.3	1023	600	632

- Aerial Health Survey (Skywork, SPS Biosecurity).

### 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. The planned 2 year transition to a 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) is still progressing. FENZ advise that this transition may take until early 2021 to complete.

HFM NZ has a Service Level Agreement with FENZ, which has been extended to June 2021. A new Service Level Agreement is being drafted, which will allow Forest Owners to select what services FENZ will provide, and what (if any) responsibilities Forest Owners will undertake.

NZ Forest Owners Association are drafting hot work guidelines with input from the Insurance Council of New Zealand and FENZ. It is hoped that this document will be available before Christmas.

HFM NZ continues 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



**4,313**  
Cattle



**10,742**  
Sheep



**75,000** (2020)  
Native trees planted



**4,900**  
Hectares in forest



**1,000**  
Hives onsite



**3,500**  
Shareholders





# Financial Summary

## *Whakarāpopototanga o Ngā Pūtea*

### **Pārengarenga Incorporation**

For the year ended 30 June 2020

The following pages provide a consolidated statement of financial performance for Pārengarenga Incorporation and its subsidiaries for the year ended 30 June 2020.

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



***Tutangiara Nathan, Thinning Crew Team Leader***



# Company Directory

## Parengarenga Incorporation For the year ended 30 June 2020

### **Nature of Business**

Farming / Leasing / Forestry

### **Registered Office**

Far North  
Kaitaia

### **Committee of Management**

Chad Paraone (Chair)  
Ngainanga Kapa (Vice Chair)  
Harry Kapa (removed November 2019)  
Maahia Nathan (removed November 2019)  
Pereniki Conrad  
Clayton Wiki  
Rihari Wiki  
Huia Cooper (added November 2019)  
Joyce Munns (added November 2019)

### **Chartered Accountant**

BDO Northland Limited  
Kerikeri

### **Bankers**

BNZ Kaitaia

### **Solicitors**

Patterson Law  
Kaitaia

### **Independent Auditors**

PKF Francis Aickin Ltd  
Kaitaia





# Approval of Consolidated Financial Report

## Parengarenga Incorporation For the year ended 30 June 2020

The Trustees are pleased to present the approved financial report including the historical financial statements of Parengarenga Incorporation for the year ended 30 June 2020.

Approved

For and on behalf of the Trustees:

Trustee

Trustee

Date: 29/10/2020



# Consolidated Farm Income & Expenses

## Parengarenga Incorporation For the year ended 30 June 2020

	2020	2019
<b>Farm Working Account</b>		
Beef Cattle, Sheep & Wool Gross Profit	3,150,625	3,414,308
Sundry Farm Income	166,266	74,338
<b>Total Farm Working Account</b>	<b>3,316,891</b>	<b>3,488,646</b>
<b>Gross profit</b>		
	<b>3,316,891</b>	<b>3,488,646</b>
<b>Direct expenses</b>		
Farm Working Expenses	950,474	952,871
Repairs & Maintenance	160,848	273,518
Vehicle Expenses	303,747	252,192
Staff Expenses	916,657	789,622
Administration Expenses	66,384	89,128
Standing Charges	236,315	227,705
Non Cash Expenses	251,148	222,199
<b>Total Direct expenses</b>	<b>2,885,572</b>	<b>2,807,234</b>
<b>Net profit (loss) from trading before taxation</b>	<b>431,319</b>	<b>681,412</b>



# Consolidated Land, Lease, Forestry & Fishfarm

## Parengarenga Incorporation For the year ended 30 June 2020

	2020	2019
<b>Trading income</b>		
Depreciation Recovered	212	343
Lease	1,444	-
Forestry Income	2,929,459	136,925
Hives & Honey Revenue	40,000	49,826
Interest Received	1,986	-
Rent Received	3,900	3,960
COVID-19 Wage Subsidy	77,326	-
Royalties, Licence to Occupy & Access Fees	33,322	36,165
Sundry Income	104,848	52,202
Biochar Income	23,800	-
<b>Total Trading income</b>	<b>3,216,296</b>	<b>279,422</b>
<b>Gross profit</b>	<b>3,216,296</b>	<b>279,422</b>
<b>Direct expenses</b>		
Forestry Expenses	1,456,182	115,249
Apiculture Expenses	129,395	253,826
Repairs & Maintenance	1,166	-
Vehicle Expenses	225,058	23,518
Wages	1,222,335	569,176
Trustees Fees	82,418	74,496
Operating & Administration Expenses	301,834	266,694
Standing Charges	152,626	118,434
Audit Fees	21,440	19,310
Interest Expenses	79,190	15,851
Lease Expenses	-	4,504
Development Expenses	122	206
Loss on Disposal	33,763	1,160
Depreciation	388,275	181,455
<b>Total Direct expenses</b>	<b>4,093,803</b>	<b>1,643,881</b>
<b>Net profit (loss) from trading before taxation</b>	<b>(877,507)</b>	<b>(1,364,459)</b>

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



# Consolidated Statement of Profit or Loss

## Parengarenga Incorporation For the year ended 30 June 2020

	2020	2019
<b>Income</b>		
Total Profit from Farm, Land Lease & Forest	(446,188)	(683,046)
<b>Total Income</b>	<b>(446,188)</b>	<b>(683,046)</b>
<b>Gross consolidated income</b>	<b>(446,188)</b>	<b>(683,046)</b>
<b>Net surplus / (deficit) for the year before taxation</b>	<b>(446,188)</b>	<b>(683,046)</b>
<b>Taxation</b>		
Taxation	(66,876)	(10,683)
<b>Total Taxation</b>	<b>(66,876)</b>	<b>(10,683)</b>
<b>Net surplus / (deficit) for the year after taxation</b>	<b>(513,064)</b>	<b>(693,729)</b>

# Consolidated Statement of Movements in Equity

## Parengarenga Incorporation For the year ended 30 June 2020

	2020	2018
<b>Equity</b>		
Profit/(loss) for the Period	(513,064)	(693,729)
Asset Revaluation	(171,921)	363,343
Equity at Beginning of Year	64,791,726	65,122,112
Equity at End of Year	64,106,741	64,791,726
made up of:	-	-
Equity Attributable to Owners	64,466,176	65,148,972
Portion Attributable to Minority Interest	(359,435)	(357,246)





# Consolidated Balance Sheet

## Parengarenga Incorporation

As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and short-term deposits		472,432	(13,176)
Income Equalisation - IRD		-	612,000
GST receivable		-	149,581
Accounts Receivable		475,935	563,915
Livestock on Hand		5,466,922	7,546,388
Prepayments		-	92,988
Taxation		33,241	(747)
<b>Total Current assets</b>		<b>6,448,530</b>	<b>8,950,950</b>
<b>Non current assets</b>			
Property, plant and equipment	16	26,318,412	27,123,141
Investments		293,617	283,845
Tree Crop at Valuation - A Inc	7	32,190,000	32,190,000
Livestock on Hand		199,880	219,076
Investment Property - Fishfarm	15	1,403,373	-
<b>Total Non current assets</b>		<b>60,405,282</b>	<b>59,816,062</b>
<b>Total Assets</b>		<b>66,853,812</b>	<b>68,767,012</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
GST payable		22,889	-
Trade Accounts Payable		523,332	1,374,436
Current Portion - Term Loan	12	480,000	400,000
<b>Total Current liabilities</b>		<b>1,026,221</b>	<b>1,774,436</b>
<b>Non current liabilities</b>			
Loan - Term Portion	12	920,000	1,400,000
Te Tumu Paeroa - Share Purchase	14	800,850	800,850
<b>Total Non current liabilities</b>		<b>1,720,850</b>	<b>2,200,850</b>
<b>Total Liabilities</b>		<b>2,747,071</b>	<b>3,975,286</b>
<b>Net assets</b>		<b>64,106,741</b>	<b>64,791,726</b>
<b>Equity</b>			
Current Year Earnings		(513,064)	(693,729)
Retained earnings		18,549,365	19,240,905
Capital Reserves		3,068,130	3,068,130
Asset Revaluations		43,361,745	43,533,666
Portion Attributable to Minority Interest		(359,435)	(357,246)
<b>Total Equity</b>		<b>64,106,741</b>	<b>64,791,726</b>

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



# Notes to the Consolidated Financial Statements

## Parengarenga Incorporation

### For the year ended 30 June 2020

#### 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.



## Notes to the Consolidated Financial Statements

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	\$21,901
Farmlands	11,730	\$11,730	1997-2010	\$11,730

### Investment Property

Investment property are stated at historical cost less any impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

### Issued Capital

	2020	2019
1,146,766 ordinary shares, fully paid (2019: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2019: 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



## Notes to the Consolidated Financial Statements

Land vested to the Parengarenga B3C Trust under the Te Ture Whenua Maori Act 1993 has been revalued to the government valuation dated 2020. 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 (2020) of \$13,450,000.

### 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	\$3,893,434
Non-Current Asset - Beef Cattle	\$165,200
Total Beef Cattle per Trading Statement	\$4,058,634





## Sheep

Current Asset - Sheep	\$1,573,488
Non-Current Asset - Sheep	\$34,680
Total Sheep per Trading Statement	\$1,608,168

## 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 expired 31 March 2020 and was not renewed for a further term.

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 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 1 November 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.



## Notes to the Consolidated Financial Statements

## Lease disclosures

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

	2020	2019
<b>Leases</b>		
Current	44,254	76,929
Non-current	20,138	129,115

## 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 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 2020 year.

## 7. Tree crop valuation

An independent market value of Parengarenga A forest was undertaken by Jenksmax Consulting Limited as at 30 June 2019.

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

## 8. 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.



## 9. Capital expenditure

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

## 10. 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.

## 11. 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 and this was made again for the 2020 year. The assessed value is now \$1,403,373. 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.

## 12. Secured loans

There is a draw down facility available of up to \$5 million with the BNZ. As at balance date the current balance is \$1,400,000.

Security on BNZ CARL Loan is by registered stock security over Parengarenga Station, all at Far North Road pastured at land situated at Paua and Te Rangi. Capital payments are made monthly and an interest rate of 3.96% applies. Maturity date is 28/04/28.

## 13. Related parties

There were transactions with Trustees, which are made on an employee PAYE basis (\$82,418).

## 14. 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.



## Notes to the Consolidated Financial Statements

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 2020 there is a balance of \$800,850 outstanding and this amount is recorded as a liability in the consolidated balance sheet.

### 15. Investment Property

Fishfarm Property has been reclassified as Investment Property from Property, Plant & Equipment in the 2020 year.

<b>Fishfarm Buildings &amp; Chattel</b>	<b>Cost \$</b>	<b>Accumulated depreciation and impairment \$</b>	<b>Net book value \$</b>
2020	\$ 5,189,083	\$3,785,710	\$1,403,373

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

<b>2020</b>	<b>Cost/Valuation \$</b>	<b>Accumulated depreciation \$</b>	<b>Net book value \$</b>
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - valuation	\$3,170,264	\$830,081	\$2,340,183
Development - valuation	\$2,246,990	\$380,406	\$1,866,584
Office Equipment - cost	\$36,995	\$19,959	\$17,036
Plant & Machinery - cost	\$1,566,396	\$641,450	\$1,038,675
Motor vehicles - cost	\$2,046,296	\$542,631	\$1,389,935
<b>TOTALS</b>	<b>\$28,732,941</b>	<b>\$2,414,527</b>	<b>\$26,318,413</b>

<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>

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 2020 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)
Land Valuation	2020	1,302,500
Closing Valuation		6,216,000

### 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	(2,506,000)





## Notes to the Consolidated Financial Statements

Land Valuation	2020	(450,000)
Closing Valuation		13,450,000

**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 2020 are as follows:

	2020	2019
<b>Taxation</b>		
<b>Net Surplus / (Deficit)</b>		
Net Surplus / (Deficit)	(446,189)	(683,046)
<b>Adjusted for</b>		
Less Taharoa Block C Write Off	-	-
Plus Holiday Pay Accrual	50,752	59,377
Less Capital Profit on Sale of Assets	-	-
Plus Parengarenga Fishfarm Expenses	122	206
Plus Gross Dividends	-	-
Less Net Dividends	-	-
Non Ded Parengarenga Fishfarm	66,550	72,649
<b>Total</b>	<b>117,424</b>	<b>132,232</b>
Total	(328,765)	(550,814)
<b>Deduct:</b>		
26% Maori Trustee Share	85,479	143,212
<b>Total</b>	<b>85,479</b>	<b>143,212</b>
74% Maori Owned	(243,286)	(407,602)
<b>Deduct:</b>		
Income Equalisation Payment	(612,000)	-
<b>Total</b>	<b>(612,000)</b>	-
<b>To Carry Forward:</b>		
Loss to be Carried Forward	1,035,009	566,366
<b>Total To Carry Forward:</b>	<b>1,035,009</b>	<b>566,366</b>
<b>Taxation at 17.5%</b>		
Taxation at 17.5%	66,876	10,682
<b>Total Taxation at 17.5%</b>	<b>66,876</b>	<b>10,682</b>
<b>Less:</b>		
Withholding Tax Paid	118	2,659
Provisional Tax Paid	100,000	7,279
Provisional Tax Paid Post Balance Date	-	-
Imputation Credits Paid	-	-
Taxation Payable / (Refundable)	(33,242)	745
Loss to be Carried Forward	1,048,442	1,035,009

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



Notes to the Consolidated Financial Statements

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### 19. Maori authority credit account

The balance of the Maori authority credit account as at 2020 is \$1,170,296.83. (Last Year: \$1,069,433.63)



## 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 2020.

#### Asset Valuation

The method of valuation of fixed assets is as follows:

- (a) Land & Improvements - 2020 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	\$34,989,064
Total Net Assets	<u>\$34,989,064</u> =====
Number of Shares	3,261,000
Net Assets per Share	\$10.73
VALUE PER SHARE	\$10.73

**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 2020.

**Asset Valuation**

The method of valuation of fixed assets is as follows:

- (d) Land & Improvements - 2020 government valuation
- (e) Buildings - 2020 government valuation less accumulated depreciation
- (f) Other fixed assets (including plant) - cost less accumulated depreciation

Livestock has been valued at the 2020 National Average Market Values released by the Inland Revenue.


**Share Valuation**

Parengarenga B3C Trust	\$29,164,856
Less Livestock Closing Values (NSC)	-
Plus Livestock Closing Values (NAMV)	-
Total Net Assets	<u>\$29,164,856</u> =====
Number of Shares	1,146,766
Net Assets per Share	\$25.43
VALUE PER SHARE	\$25.43

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



*Moeke Kopa moving cattle in the yards*



*Johnny Everitt drafting sheep*





## WHAKAPONO ME TE TIKA

**HONESTY  
TRUSTWORTHY  
INTEGRITY**

"We believe in an OPEN & HONEST approach with integrity, to achieve TRUST"

## KAITIAKITANGA

**STEWARDSHIP  
GUARDIANSHIP**

"We PROTECT our WHENUA and WAI. We VALUE our CULTURAL IDENTITY and PRACTICES"

# OUR SHARED

## WHAKAPONO ME TE TIKA

**HONESTY  
TRUSTWORTHY  
INTEGRITY**

'We believe in an OPEN & HONEST approach with Integrity, to achieve TRUST'

### To uphold this, we will:

- Do the right thing
- Be transparent
- Be honest
- Be reliable
- Be fair
- Be consistent
- Put things right

## KAITIAKITANGA

**STEWARDSHIP  
GUARDIANSHIP**

"We PROTECT our WHENUA and WAI. We VALUE our CULTURAL IDENTITY and PRACTICES"

### To uphold this, we will:

- Protect & enhance our natural environments
- Protect our taonga and sites of significance
- Care for our people & community
- Support and be guided by our culture
- Nurture our Tikanga, Whakapapa
- And Spirituality



## MANAAKITANGA

**RESPECT  
GENEROSITY  
RECIPROCITY  
KINDNESS  
AROHA KI TETAHI**

"We RESPECT and CARE for EVERYONE  
in our WORK and WORKPLACES

## RANGATIRATANGA

**LEADERSHIP  
TEAM-WORK  
GROWTH**

"We work with our LEADERS to build STRONG  
TEAMS that enable SUSTAINABLE GROWTH  
and OPPORTUNITIES in our COMMUNITY

# VALUES

## MANAAKITANGA

**RESPECT GENEROSITY  
RECIPROCITY KINDNESS  
AROHA KI TETAHI**

"We RESPECT and CARE for EVERYONE  
in our WORK and WORKPLACES

### To uphold this, we will:

Care for the mana & wellbeing  
of our people, our guests  
& our community

Be respectful  
Act with humility  
Act with compassion  
Cultivate healthy relationships  
Offer equal opportunity  
Prioritise Health and Safety

## RANGATIRATANGA

**LEADERSHIP  
TEAM-WORK  
GROWTH**

"We work with our LEADERS to  
build STRONG TEAMS that enable  
SUSTAINABLE GROWTH and  
OPPORTUNITIES in our COMMUNITY"

### To uphold this, we will:

Lead by example  
Grow our people & develop our teams  
Foster skills and knowledge  
Communicate well  
Value the input of all  
Recognise achievements  
Strive for best practice & excellence  
Be responsible for self, team & community



# Notes





*Taumutu Robson, Ben Johnson and Forest Manager Dan Henderson Senior, some of our Forestry Crew.*



*Dan Henderson Junior greasing the harvester processing head.*





**Pārengarenga Incorporation**

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