




TUPU TONU
Ngāpuhi Investment Fund

TUPU TONU



*E mihi ana ki ngā maunga hakahī e
taiāwhio mai ana, e hōrapa ana i a
tātou kua hakakāinga mai ki roto o
Te Whare Tapu O Ngāpuhi me ōna
pānga rohe i mahue ake ngā tapuwae
o ō tātou mātua tūpuna o ina. E mihi
ana ki te whenua, e tangi ana ki ngā
tāngata katoa. Korohīhī pō, korohīhī
ao. Ko rongō i tūria ki te matahau o Tū,
o Tū-te-winiwini, o Tū-te-wanawana,
o Tū kia hakaputaina i te wheiao,
kia puta ki te Ao Mārama. Tihewā,
Mauriora.*

*Ki te hunga kua riro i te hākore, i te
kiri mātao, ko koutou te hunga kua
pahure ake i te tau kuahipa, haere mai
haere - haere atu ki ngā Ipokahurangi,
haere atu ki ngā Raukura, haere atu
ki ngā Manutauhuia - haere, haere,
haere - oti atu. E ngā pītau whakarei
o ngā Mata-ā-waka puta noa, e ngā
Maunga hakahi e tū nei hei maru i
ngā whānau/Hapū puta noa i te rohe
pōtae o Ngāpuhi-Nui-Tonu. E ngā awa
riporipo e papaki tū ana ki ngā pari,
ki ngā tokatū, ki ngā onepū - koutou
ngā kaipupuri i ngā ahikā ki ngā
papakāinga, ki ngā marae huri noa i
a Ngāpuhi-Nui-Tonu, tēnei ka mihi, ka
mihi, ka mihi.*

PURPOSE

The Ngāpuhi Investment Fund Limited (Tupu Tonu) is an independent Crown-owned company whose mission is to build and grow a high performing portfolio of commercial assets for the benefit of ngā hapū o Ngāpuhi. The portfolio will be able to be offered to ngā hapū o Ngāpuhi as part of Treaty negotiations with the Crown.

The primary investment focus for Tupu Tonu is on commercial assets within Taitokerau, with a particular emphasis on the Ngāpuhi rohe. Tupu Tonu is a commercial investor, but with additional secondary objectives outlined in its constitution to:

- operate as a responsible investor;
- to the extent possible, take a best practice approach to investment management; and
- to the extent possible, make investments that encourage and facilitate economic development in the Ngāpuhi rohe.

Tupu Tonu was chosen as the trading name for Ngāpuhi Investment Fund Limited. The two words broadly translate to 'prosperity in perpetuity', but they have deeper cultural significance. One of the titles by which Ngāpuhi is known is Ngāpuhi-nui-tonu, or everlasting Ngāpuhi. Tupu Tonu speaks of continuity and stability and speaks to the inclusiveness and multiplicity of tribal groups and marae within Ngāpuhi. Accordingly, Tupu Tonu has an intergenerational outlook, investing for the long-term.

Tupu Tonu acknowledges the Treaty negotiations context in which it operates. The role of Tupu Tonu is to build and manage an investment portfolio in line with its mandate. Tupu Tonu does not have a role in Treaty negotiations between the Crown and ngā hapū o Ngāpuhi. These negotiations will determine whether and on what basis the Tupu Tonu asset portfolio is treated as redress.

Tupu Tonu looks to conduct its business in accordance with the principles of Te Tiriti o Waitangi / the Treaty of Waitangi and in a manner that enhances Māori Crown relations. Through engagement with ngā hapū o Ngāpuhi, Tupu Tonu provides an opportunity for hapū commercial aspirations to inform our work, including the Tupu Tonu investment approach and Tukua (Tupu Tonu disbursements).

CORE VALUES

Kaitiakitanga
Acting in the spirit of stewardship

Rangatiratanga
Leading by example

Manaakitanga
Investing with care

Hihiri
Energising and motivating

TUPU TONU STRATEGY

VISION:

Ka ahuhu mātou i ngā rawa nei hei whakatupu i a Ngāpuhi me ōna ahunga.
We will carefully nurture this investment to help grow the future for Ngāpuhi and their descendants.

CONSTITUTIONAL PURPOSE:

Establish (and grow) an investment portfolio which is intended to support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi

OBJECTIVES:

Successfully implement investment strategy including operating as a responsible and prudent investor

Build and maintain trust and confidence among Ministerial shareholders and Ngāpuhi

Achieve operational excellence

ANNUAL GOALS:

Deploy target level of capital in line with investment strategy

Deliver annual distributions to Ngāpuhi

Continue to build relationships with Ngāpuhi and Ministers

Stream line and improve existing systems and processes

ENABLERS:

Organisational leadership and culture of excellence

Professional development of our people

Best practice systems and processes

CONTENTS

Section 1

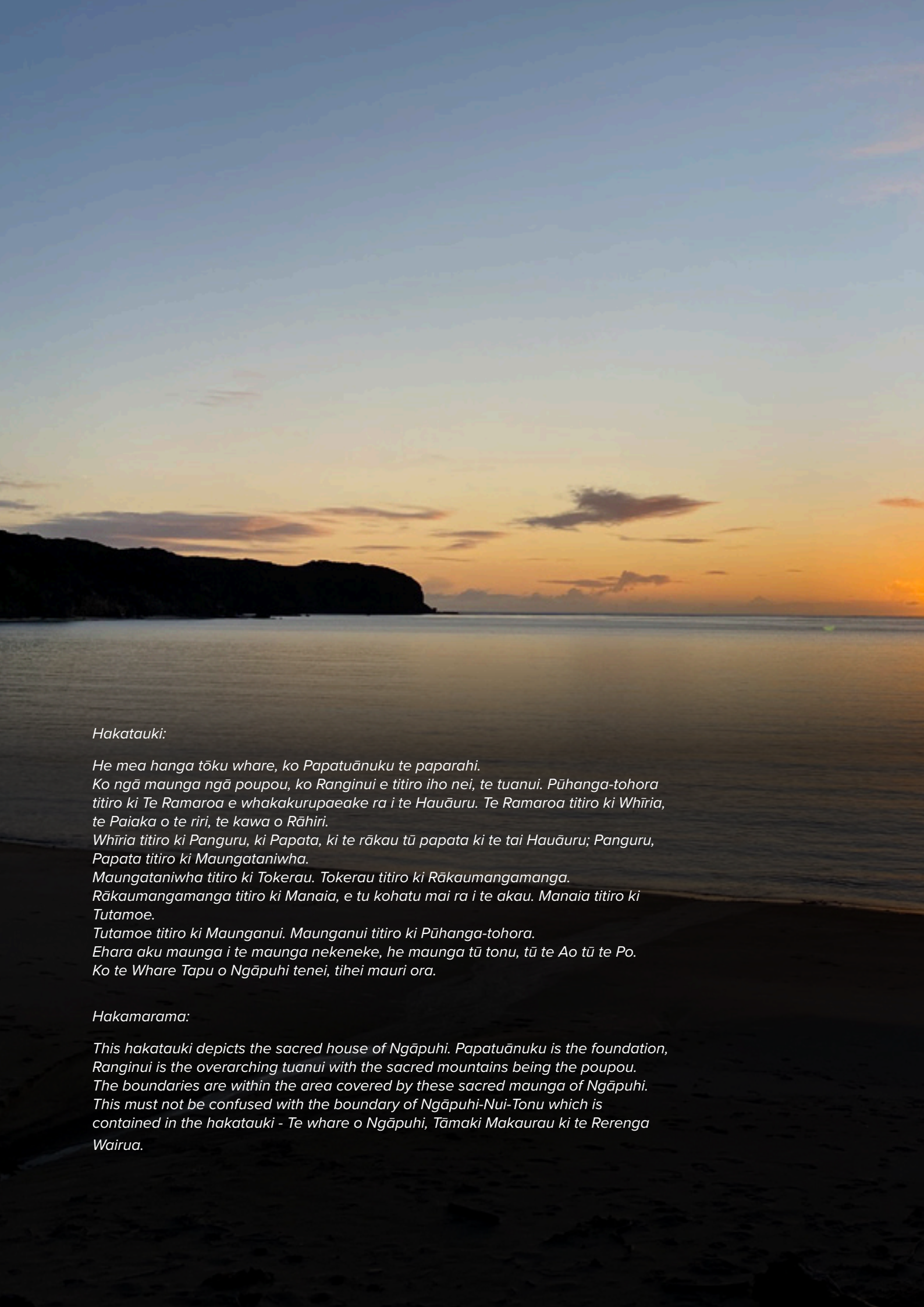
Overview and Achievements | Te Tirohanga Whānui me Nga Whaingā

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Hakatauki:

He mea hanga tōku whare, ko Papatuānuku te paparahi.

Ko ngā maunga ngā poupou, ko Ranginui e titiro iho nei, te tuanui. Pūhanga-tohoro titiro ki Te Ramaroa e whakakurupaeake ra i te Hauāuru. Te Ramaroa titiro ki Whīria, te Paiaka o te riri, te kawa o Rāhiri.

Whīria titiro ki Panguru, ki Papata, ki te rākau tū papata ki te tai Hauāuru; Panguru, Papata titiro ki Maungataniwha.

Maungataniwha titiro ki Tokerau. Tokerau titiro ki Rākaumangamanga.

Rākaumangamanga titiro ki Manaia, e tu kohatu mai ra i te akau. Manaia titiro ki Tutamoe.

Tutamoe titiro ki Maunganui. Maunganui titiro ki Pūhanga-tohoro.

Ehara aku maunga i te maunga nekeneke, he maunga tū tonu, tū te Ao tū te Po.

Ko te Whare Tapu o Ngāpuhi tenei, tihei mauri ora.

Hakamarama:

This hakatauki depicts the sacred house of Ngāpuhi. Papatuānuku is the foundation, Ranginui is the overarching tuanui with the sacred mountains being the poupou.

The boundaries are within the area covered by these sacred maunga of Ngāpuhi.

This must not be confused with the boundary of Ngāpuhi-Nui-Tonu which is contained in the hakatauki - Te whare o Ngāpuhi, Tāmaki Makaurau ki te Rerenga

Wairua.



1 OVERVIEW AND ACHIEVEMENTS

TE TIROHANGA
WHĀNUI ME
NGA WHAINGA

1.1

HEAMANA O TE PŌARI ME TE TĀHŪHŪ RANGAPŪ

He rīpoata tēnei mai te Pōari me te Kāhui Whakahaere o Tupu Tonu. Nō mātou te maringa nui te whakaatu i tēnei rīpoata o te tau mai te wāhanga 1 o Rua Hongongoi (Hūrae) 2022 ki te 30 o Tahī-a-Pipiri (Hune) 2023.

Tēnā koutou katoa,

I te tau kua taha ake nei, i kaha rawa tā mātou ahunga whakamua kia tutuki ai i a mātou tō mātou whāinga matua: ki te waihanga kōpaki rawa ahumoni nui te wāriu.

Ko ngā whakatutukinga matua e tae atu ana ki ngā whiwhinga whare hapori, ngā rawa waro ngāherehere me ngā rawa ahumoni. I tino whai wāhi ēnei haumitanga ki te matahuhua ā-rohe o tā mātou kōpaki. Kei te Pūrongo ā-Tau ētahi kōrero anō mō ia haumitanga. I whai tonu mātou kia riro mai he rawa mai i te huinga o ngā rāngai ā-whenua, me tā mātou haumi, here rānei tata ki te haurua o te pūtea tīmata i tukua ki a Tupu Tonu hei haumitanga. Kua piki te wāriu o te tahua ki te rohe o te \$156 miriona.

I ia whakataunga haumi, ka ū tonu ki te āta whakaaroaro. E mārama pū ana mātou ki te wāhi nui o ā mātou whakataunga haumi katoa ki te whakatō i te tūāpapa e angitu ai ngā uri o Ngāpuhi.

He whakamaharatanga mārika te haumātakataka i tēnei tau ki te wāhi matua ki te āta whakāro tonu i te mōrearea o te huri haeretanga o te āhuarangi i te whakahaeretanga o te tahua.

He nui ngā wero i tēnei tau mō ngā wāriutanga rawa huri noa i te ōhanga, ā, i pērā anō hoki a Tupu Tonu. Hei kaihaumi huri i ngā whakatupuranga, e ngākau titikaha ana mātou ka piki te wāriu o ā mātou rawa i te pae tawhiti ahakoa ngā piki me ngā heke o te pae tata.

Kua oti anō hoki i a mātou te whiringa tuatahi o tā mātou hōtaka tuku pūtea, a Tukua, i tukua te \$485,000 ki ngā hapū, ngā whānau, ngā uri anō hoki e 51 o Ngāpuhi. E noho takohanga ana a Tupu Tonu ki te whakahoki i tētahi wāhanga o ngā moni hua ā-tau ki ngā hapū o Ngāpuhi, ā e tū whakahīhi ana mātou i tutuki tēnei āhuatanga mō te wā tuatahi i ngā marama tōmua o 2023.

Anō te pai o te kite i te pānga pai o te tahua nei ki ngā kaiwhiwhi i rewa ai ā rātou kaupapa. I tēnei pūrongo ā-tau ka āhei koutou te pānui kōrero mō ngā momo mahi i tautoko ai mātou, tae atu ki ngā kōrero mō ētahi o ngā kaiwhiwhi. Taihoa ake nei i tēnei tau mātou whakatere ai i te whiringa tuarua.

I te tau kua taha ake nei, waimarie mātou i te tūtakitaki ki te tini o ngā hapū me ngā rōpū o Ngāpuhi, ki ngā marae me ngā pokapū matua huri noa i te rohe. He wāhi nui ēnei i rongo ai mātou i ngā tūmanako o ngā hapū o Ngāpuhi me te tuku pūrongo mō ā mātou mahi.

I te tau 2023, i mihi hoki mātou i te mahi a te Tumu Whakahaere tuatahi, a Tania Heyrick i heke i tana tūranga i te Here-turi-kōkā 2023. He wāhi matua tōna i te whakaaranga ake o Tupu Tonu, nānā anō i ārahi mai i te ariā ki te whakatinanatanga. E mihi ana mātou ki a Tania i te kaha o tana ārahi, i a ia i a mātou me ngā mahi kua tutuki, ā ka tuku anō hoki i te aroha me te mihi ki a koutou ko tō whānau mō ngā tau e haere ake nei.

Kua huri te aro o te Poari me te Tira Whakahaere o Tupu Tonu ki Waitangi 2024 – te huritau tuatoru o te whakaaranga ake o Tupu Tonu. He wā tēnei ki te titiro whakamuri ki ngā āhuatanga kua tutuki me te whakamahere mō te tau e tū mai nei. E rikarika ana mātou ki te wā e tuku pūrongo ai mō te ahunga whakamua o te kaupapa nei ki a koutou ā tērā tau.

Ngā manaakitanga, nā,



Brian Roche

Sir Brian Roche KNZM
Establishment Chair
30 October 2023



Richard Westbury

Richard Westbury
Chief Executive Officer (Acting)
30 October 2023

On behalf of the Board and Management of Tupu Tonu, it is our privilege to present the Annual Report for the period 1 July 2022 to 30 June 2023.

Tēnā koutou katoa,

Over the past year we have made strong progress towards achieving our core objective: to create a portfolio of high-performing commercial assets.

Key highlights have included acquisitions in community housing, carbon forestry and commercial property. These investments have contributed to the regional diversity of our portfolio. Further detail about each of these investments is included in this Annual Report.

We have continued to acquire assets in a diverse range of whenua-based sectors, and have now invested or committed nearly half of the initial pūtea provided to Tupu Tonu to invest. The fund value has now grown to approximately \$156m.

With each investment decision, we have continued to take a considered approach to our investments. We are conscious that each decision we make now is critical in building a strong foundation for the success of Ngāpuhi uri.

The cyclone this year was a stark reminder of the importance of continuing to consider climate change risk in managing the fund.

It has been a challenging year for asset valuations across the economy, and Tupu Tonu is no exception. As an intergenerational investor we have confidence that the assets we have acquired will be strong performers over the long-term, and short-term peaks and troughs are to be expected.

We have also completed the inaugural round of our Tukua (disbursements) programme, disbursing \$485,000 to 51 Ngāpuhi hapū, whānau and uri. A key commitment of Tupu Tonu is to share a portion of our annual profits back to ngā hapū o Ngāpuhi, and we were proud to do this for the very first time in early 2023.

It has been fantastic to see the impact of this funding for recipients who have been undertaking a wide variety of activities. In this Annual Report you can read more about the types of activities we have been able to support, including profiles of some recipients. Later this year we will launch our second round.

Over the past year we have been fortunate to have met with many Ngāpuhi hapū and rūpu, at marae and other centres of importance throughout the rohe. These have been important opportunities for us to hear about the aspirations of ngā hapū o Ngāpuhi and to provide updates on our activities.

In 2023, we also acknowledged the mahi of our inaugural CEO, Tania Heyrick, who resigned in August 2023. Tania was instrumental in the set up and establishment of Tupu Tonu, taking it from concept to reality. We thank Tania for the leadership she provided over her tenure and what has been achieved, and we wish her and her whānau well for the future.

The Board and Management of Tupu Tonu are now looking ahead to Waitangi 2024 – the third anniversary of the establishment of Tupu Tonu. This is a time to reflect and to plan for the year ahead. We look forward to updating you on the progress we have made in a year’s time.

Ngā manaakitanga, nā



Brian Roche

Sir Brian Roche KNZM
Establishment Chair
30 October 2023

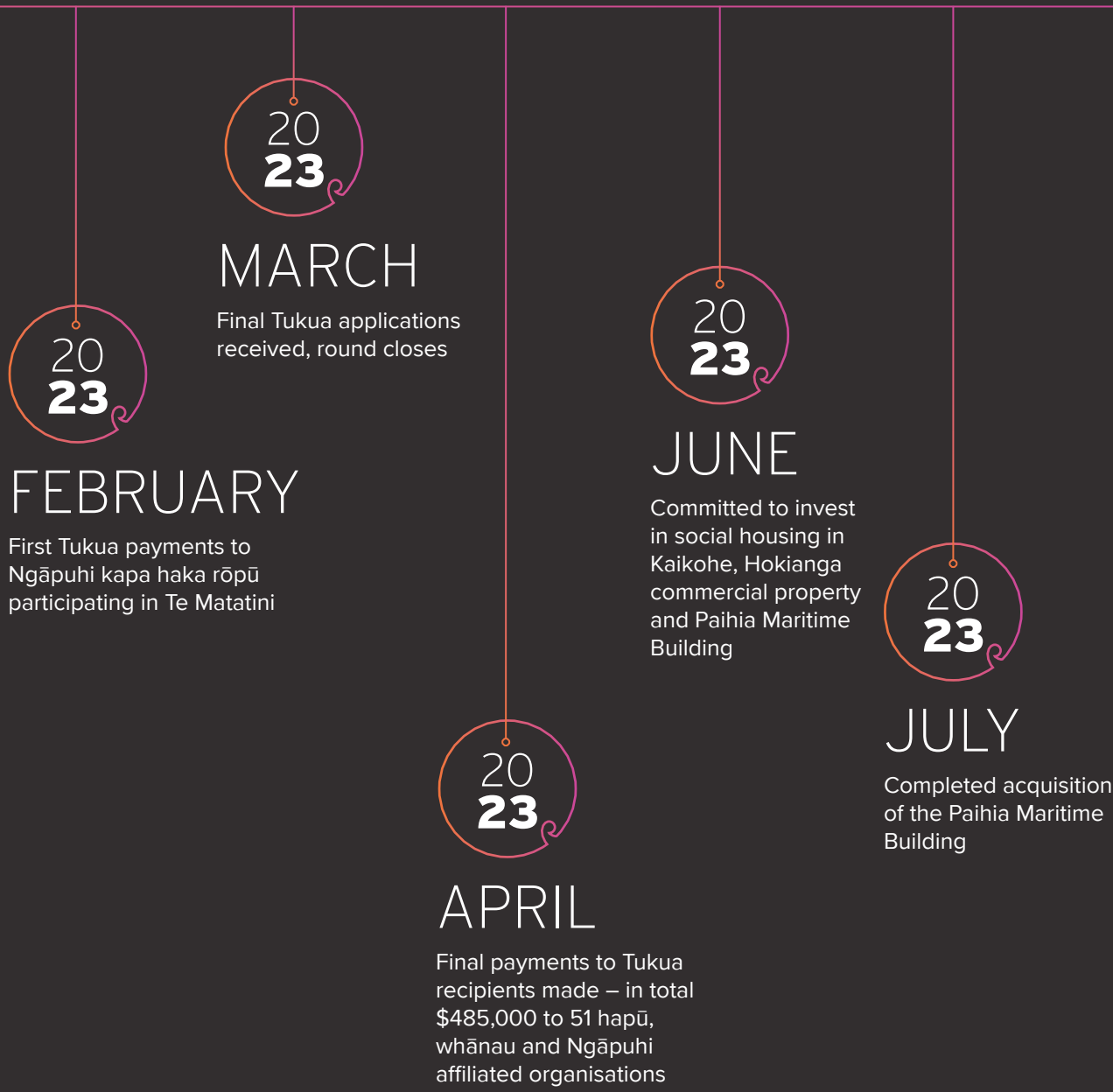


Richard Westbury

Richard Westbury
Chief Executive Officer (Acting)
30 October 2023

OUR JOURNEY ACROSS THE YEAR 22-23





1.2 INVESTMENTS

Our investment objectives

- Invest on a commercial basis to grow the value of the portfolio.
- Acquire a diverse set of investments that could be made available to Ngāpuhi through Treaty negotiations with the Crown.
- Support the environmental and social benefits of our investments.
- Manage our assets in accordance with best practice.

Investment approach

Tupu Tonu pursues a whenua-based approach to investment which broadly falls into four categories, each representing a different use of land:

- Property;
- Primary Industries;
- Infrastructure and Energy; and
- Other investments (which may include some investments that are not whenua-based).

FY2022/23 progress

Tupu Tonu continued to build on its solid foundation from FY2021/22. Tupu Tonu is focused on achieving regional and sector diversification to build a portfolio of commercial assets that will support the long-term future of ngā hapū o Ngāpuhi. In FY2022/23 Tupu Tonu generated a \$2.4 million total comprehensive revenue and expense, resulting in a 1.9% return. As an intergenerational investor we have confidence that the assets we have acquired will be strong performers over the long-term, and short-term peaks and troughs are to be expected.

Investments made FY2022/23

Tupu Tonu made an additional six investments in FY2022/23, including a kiwifruit orchard, a carbon forest, two social housing investments and two commercial properties located in Paihia and Hokianga respectively.

These assets were selected due to their alignment with our investment objectives. Tupu Tonu completed its FY2022/23 strategy refresh which incorporated key hapū feedback from engagement.

Investment Outlook

In FY2023/24 Tupu Tonu will:

- Have invested \$100 - \$120 million of its \$150 million capital by June 2024.
- Continue to engage directly with Ngāpuhi hapū to the extent they are ready to engage.
- Carefully consider their insights and feedback on our investment strategy and disbursements programme.
- Continue to manage our assets responsibly.
- Actively consider suggestions for potential investment opportunities in Taitokerau from ngā hapū o Ngāpuhi.
- Actively seek to diversify Tupu Tonu investments across Taitokerau, both geographically and across several sectors.
- Later in FY2023/24 revalidate the investment strategy and direction of Tupu Tonu following engagement with ngā hapū o Ngāpuhi.

KEY INVESTMENT METRICS



9

Investments made as at 30 June 2023



\$61m

Committed as at 30 June 2023



11

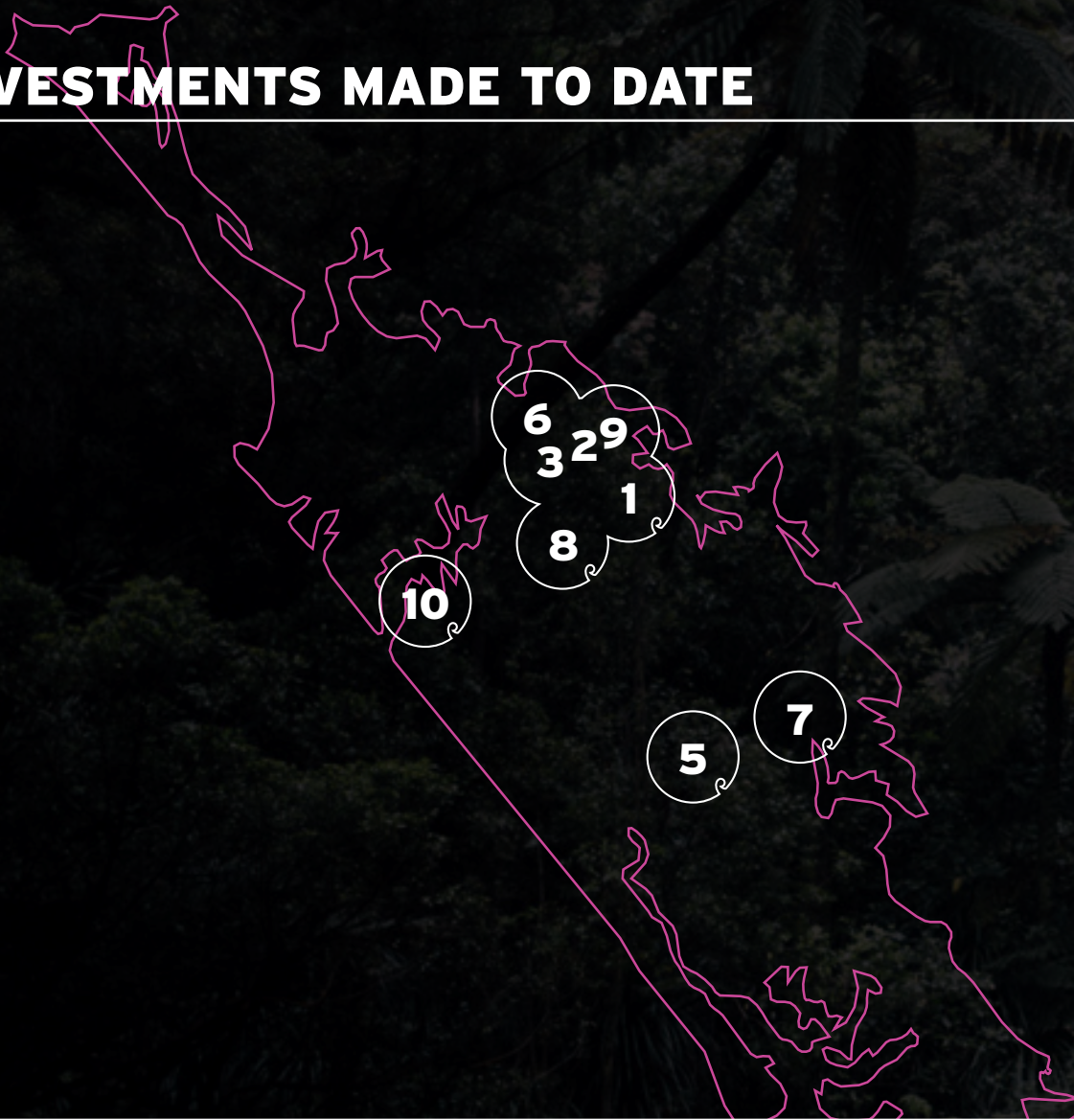
Individual investments made or under contract at Annual Report publication date



\$100m-\$120m

Target for total deployment by end of FY2023/24

INVESTMENTS MADE TO DATE



INVESTMENTS MADE PRIOR TO JUNE 30 2022



1. MERIDIAN BUILDING, KERIKERI

On 29 September 2021 Tupu Tonu purchased the Meridian Building. The Meridian is a modern commercial building in the heart of Kerikeri.



2. KIWIFRUIT ORCHARD, MAUNGATAPERE

On 17 November 2021 Tupu Tonu purchased an established kiwifruit orchard in Maungatapere. The orchard consists of 4.1 canopy hectares in production (2.9 canopy hectares SunGold G3 and 1.2 canopy hectares of green kiwifruit).



3. KIWIFRUIT ORCHARD, WAIPAPA

On 22 December 2021 Tupu Tonu purchased a kiwifruit orchard in Waipapa. The orchard consists of 3.8 canopy hectares of SunGold G3 kiwifruit in production, with approximately 1.0 canopy hectares available for development.



4. ZESPRI SHARES

Tupu Tonu has purchased its full entitlement of shares in Zespri. The right to purchase Zespri shares has arisen from purchasing the kiwifruit orchards located in Maungatapere and Waipapa.

INVESTMENTS MADE DURING FY2022/23



5. FOREST, HOUTO

On 26 August 2022, Tupu Tonu purchased a 300-hectare forestry block in Mangakahia as a carbon farm.



6. KIWIFRUIT ORCHARD, WAIPAPA

On 11 November 2022, Tupu Tonu has purchased a 4.8 canopy hectare kiwifruit orchard on Kapiro Road in Waipapa. The orchard includes 3.2 hectares of SunGold G3 grafted vines, and 1.6 hectares of ungrafted vines and infrastructure.



7. HOUSING, TE KAMO

Tupu Tonu has invested in a community housing development located in Kamo Road, Te Kamo.

This development of 18 single bedroom units is leased to the Ministry of Housing and Urban Development.



8. HOUSING, KAIKOHE

Tupu Tonu has conditionally committed to invest in a community housing development located in Kaikohe. The project is under development and Tupu Tonu will be taking an interest in 36 single bedroom units. The units are subject to an agreement to lease to the Ministry of Housing and Urban Development. The development is expected to be completed in 2024.



9. PAIHIA MARITIME BUILDING, PAIHIA

On 30 June 2023, Tupu Tonu went unconditional to purchase the Paihia maritime building, located on the Paihia waterfront. The Paihia maritime building is a high quality commercial property in the heart of Paihia.



10. COMMERCIAL PROPERTY, HOKIANGA

Tupu Tonu has conditionally committed to invest in a commercial property located in Hokianga.

The purchase of the building is expected in early 2024.

SUBSEQUENT INVESTMENTS COMPLETED OR COMMITTED AFTER BALANCE DATE



11. WATER, KAIKOHE AND WAIMATE TAIAMAI

Tupu Tonu has signed a binding letter of intent to purchase convertible notes in a water storage scheme located in Waimate Taiamai, with the option to acquire shares in a water storage scheme in Kaikohe.

1.3 TUKUA DISBURSEMENTS

Te Kaupapa - Purpose

Part of the mission of Tupu Tonu is to disburse a portion of its annual investment returns to Ngāpuhi hapū and whānau. Tupu Tonu has named its disbursements 'Tukua', which means to give with integrity.

Tupu Tonu wants to ensure disbursements are available to support the needs and aspirations of Ngāpuhi hapū and whānau. For this reason, Tukua was designed to be broad and flexible, so the approach can evolve as we receive further feedback from Ngāpuhi hapū and whānau.

The focus of the disbursements for FY2022/23 was on supporting Ngāpuhi hapū, whānau, and Ngāpuhi community organisations in capability and capacity building, as well as social and cultural development.



Maungarongo Marae working bee supported by Tukua funding.

Te Tono – How to apply

We are currently reviewing feedback from the first round of Tukua disbursements.

The second round will open in late 2023. Further information will be available on our website and we will notify groups when applications are open via our e-pānui. If you would like to register to receive our e-pānui, contact karere@tuputonu.co.nz

TUKUA DISBURSEMENTS FOR 2022/23

Criteria for First Round of Funding

For the first round of Tukua, Tupu Tonu considered applications from any Ngāpuhi hapū, whānau or organisation that identifies or affiliates to Ngāpuhi.

Tupu Tonu considered applications for grants that supported activities, objectives, initiatives or any kaupapa for the purpose of Ngāpuhi hapū, whānau or community:

- capacity and capability building;
- social development; or
- cultural development.

A focus was on activities that:

- demonstrated they are hapū/whānau/ community-led;
- demonstrated they are well supported by the hapū/whānau/community;
- meet a hapū/whānau/community need; and
- had not already received other funding for the same purpose.



Ngā Manu Mātui kapahaka received funding from the Tukua Disbursement fund to support them through Te Matatini 2023

Tukua Disbursements 2022/23

This was the first year of Tukua after a successful first year of investments through FY2021/22. \$485,000 was shared across iwi, hapū, and whānau. There were 51 disbursements provided across the entire Ngāpuhi region, and covering various kaupapa.

A highlight from the first round of disbursements was seeing the tangible results and impacts for whānau, including; marae working bees, supporting kapahaka groups to Te Matatini, purchasing tools to support the upkeep of marae grounds and urupā, supporting wānanga and kura reo, supporting māra kai initiatives to provide accessible healthy kai for whānau, and many, many more.

Further information on the disbursements in FY2022/23 can be found on the following pages.

TUKUA DISBURSEMENTS BY TYPE

51

Disbursements made
in FY 2022/23

\$485,000

Distributed in
FY 2022/23



16
HAPŪ GOVERNANCE
AND CAPABILITY



4
MARAE DEVELOPMENT



7
MĀRA KAI



2
HOUSING



6
HAUORA



2
TE TAI AO



5
TOI/ARTS



1
KURA REO



5
WHANAUNGATANGA



3
OTHER

TUKUA DISBURSEMENTS ACROSS NGĀPUHI REGIONS



Number of disbursements across regions



TUKUA PROFILES

In total, Tukuā funding supported 51 hapū, whānau and Ngāpuhi affiliated organisations across various significant kaupapa. Below are two examples of the types of support received. These profiles are examples of how the funding provides support that has an immediate impact on those who have received funding.

Ngāti Korohue, Parawhenua Marae

Tukuā funding assisted Parawhenua Marae in purchasing native plants as well as establishing a community garden. The funding helped contribute to purchasing seeds and soil, and also hiring a rotary hoe to prepare the soil for planting.

This kaupapa has already contributed to strengthening the community with neighbours offering to support the kaupapa, with one neighbour providing their tractor to pull the rotary hoe in exchange for vegetables from the māra, while another provided mini hot houses to protect the seedlings in their infancy from severe weather conditions. The marae has also ordered a mini wind tunnel to provide further protection from the weather.

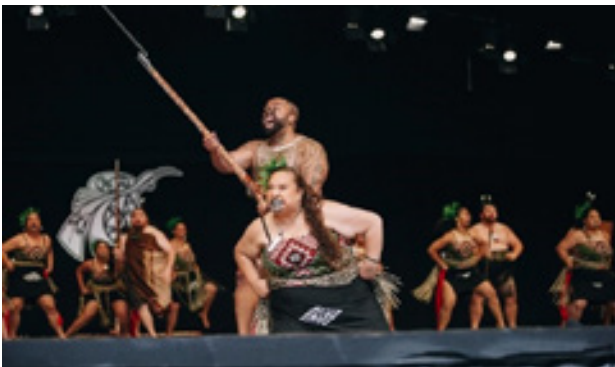
The vegetable garden provides the opportunity to feed whānau and market what they have grown, while also providing an opportunity to support future generations with sustainable kai as well as employment and training opportunities.

The key benefits to this kaupapa are providing their community with fresh accessible kai, as well as providing whānau with a way to strengthen their connection to their whenua as a community in the same ways that their tūpuna once did.



Hātea Kapa Haka

Tukuā funding also assisted Hātea Kapa Haka's campaign to get to Te Matatini in February 2023.



Hātea was formed in 2000 by the Hopa whānau and wider whānau of Pehiāweri Marae. Hātea is focused on maintaining and upholding ngā mahi ā Hine Rehia me Tānerore and strives to contribute to the excellence of Māori performing arts.

Te Matatini 2023 gave Hātea the opportunity to showcase their pūrakau, mōteatea, and people as well as contributing to te puna mātauranga o Hine Rehia me Tānerore.

Hātea represented Te Taitokerau with pride, placing 1st equal in the Waiata Tira category, 2nd equal in the Titonga Hou Haka category, and placing just outside the top 12 overall.

1.4 ENGAGEMENT

Overview

Tupu Tonu engages with Ngāpuhi hapū on our investment strategy and disbursements. Tupu Tonu is looking to engage with groups at a pace they are comfortable with and will be guided where and when to meet.

The initial focus of Tupu Tonu engagement with hapū is to build relationships. Over time, Tupu Tonu seeks to understand commercial aspirations to inform the company's investment approach. Tupu Tonu also welcomes suggestions for investment opportunities.

Tupu Tonu is also interested in understanding the aspirations of Ngāpuhi hapū and how these can be supported through Tukua (disbursements) funding.

How to engage with Tupu Tonu

Those who would like to arrange a hui can contact Tupu Tonu at info@tuputonu.co.nz.

Any investment ideas can be passed on to the investment team at investments@tuputonu.co.nz.

To receive more information about Tupu Tonu, subscribe to the Tupu Tonu e-pānui by emailing karere@tuputonu.co.nz.



Engagements to date

Engagement activity has grown considerably, from 11 engagements in 2021/22 to 38 in 2022/23.

This growth has given Tupu Tonu the opportunity to build and strengthen relationships across Ngāpuhi, hapū, marae, and whānau. Some of these engagements have led to whānau receiving funding through Tukua, as well as potential investment opportunities being brought forward for consideration.

The engagement process has given Tupu Tonu the opportunity to hear first hand what the aspirations and needs are of whānau across Ngāpuhi. From the engagements Tupu Tonu have heard of various investment opportunities within key areas of interest for hapū, whānau, and marae, including; housing, aquaculture, farming, forestry, and tourism.



Tupu Tonu understands the value in hearing first hand about the aspirations of hapū and will continue to use this engagement process to ensure that they are heard and used to guide the future work of Tupu Tonu. And so, Tupu Tonu is currently reaching out to those hapū where hui have not yet occurred, and are continuing to meet with hapū where relationships are already established.

1.5 GOVERNANCE

Company

Ngāpuhi Investment Fund Limited (trading as Tupu Tonu) is a Public Finance Act 1989 Schedule 4A company.

Ownership

Tupu Tonu has two shareholding Ministers, the Minister for Treaty of Waitangi Negotiations and the Minister of Finance. Each Minister has a 50 per cent shareholding. The Minister for Treaty of Waitangi Negotiations is the Responsible Minister for Tupu Tonu.

Shareholding Ministers appoint a Board of Directors (the Board) to oversee the governance of Tupu Tonu.

Board of Directors

The business and affairs of Tupu Tonu are carried out under the direction of the Board. The Board is accountable to the shareholding Ministers and is responsible for ensuring that Tupu Tonu operates in a manner consistent with its constitution and is cognisant of the shareholding Ministers' expectations of Tupu Tonu.

The Board is committed to a high standard of corporate governance. Responsibility for the operation of Tupu Tonu is delegated to the Chief Executive Officer (CEO), who is accountable to the Board.

Board Committees

The Board has established an Assurance and Risk Committee to assist in discharging its responsibilities in relation to financial reporting (including external audit), financial policies and controls. The responsibilities of the Assurance and Risk Committee include financial reporting and audit, financial policies and controls and corporate risk.

The Board has also established an Investment Committee to assist in providing investment scrutiny, as required, for more complex transactions.

Board membership and meeting attendance

The table below shows the number of meetings attended by each Board member for the reporting period.

Director	Meetings attended	Percentage
Sir Brian Roche	11 of 11	100%
Ripeka Evans	10 of 11	91%
Geoff Taylor	11 of 11	100%
Lindsay Faithfull	11 of 11	100%
Sarah Petersen	11 of 11	100%

Board Committee meeting attendance

The tables below show the number of meetings attended by each Board committee member for the reporting period.

Assurance and Risk Committee

Director	Committee meetings attended	Percentage
Ripeka Evans	5 of 5	100%
Sarah Petersen	5 of 5	100%

Investment Committee

Director	Committee meetings attended	Percentage
Geoff Taylor	2 of 2	100%
Lindsay Faithfull	2 of 2	100%



1.6 DIRECTOR PROFILES



Sir Brian Roche
Establishment Chair

Sir Brian Roche is the Tupu Tonu Establishment Chair. He is currently one of the Chief Crown Negotiators for ngā hapū o Ngāpuhi Treaty negotiations. He has worked on a number of other negotiations for the Crown (Ngāti Tahu, Ngāti Awa, Taranaki Whānui Wellington, Waikato River).

He was the CEO of New Zealand Post between 2010 and 2017. He has several governance roles including Chair of Centre for Climate Action Joint Venture Limited and Antarctica New Zealand.



Ripeka Evans
Deputy Chair
Ngāpuhi, Te Aupōuri,
Ngāti Kahu, Ngāti Porou

Ripeka Evans is Deputy Chair of Television New Zealand and a director of Wellington Regional Council Holdings Limited and Greater Wellington Rail Limited. She is Chair of the Courageous Conversation Aotearoa Foundation and a trustee of Tai Tokerau whenua trusts. She was a former director of Te Aupōuri Fisheries and trustee of Te Rūnanganui o Te Aupōuri. She was a director and Chair of NorthTec Limited, Deputy Chair of Toi Ohomai Limited and a member of the Te Ao Māori Panel of the Reserve Bank of New Zealand. Ripeka is a member of the Super Diversity-Board Ready Chairs & Directors and a lead claimant and Chair of the Joint Research Committee for the Mana Wāhine Kaupapa Inquiry to the Waitangi Tribunal. She holds a Master of Business Administration from Massey University and is a member of the Australian Institute of Corporate Directors. Ka mua, ka muri – Ancient values, contemporary idiom is a whakatauki that aligns with her intentions.



Sarah Petersen

Sarah Petersen is a Chartered Accountant with governance experience in the not-for-profit, education, local government and property development sectors. Sarah is experienced in assessing investment, infrastructure and economic development opportunities and managing risk, with experience chairing Audit & Risk Committees for various entities.

She was raised, educated and lives in Taitokerau so contributes a deep understanding of the Northland regional economy and stakeholders. Sarah chairs the Tupu Tonu Assurance & Risk Committee.



Geoff Taylor

Geoff Taylor is a professional director, with a finance background.

Geoff's Board experience, across twenty years, is biased towards the finance and agribusiness sectors, with a background in corporate finance, risk, and investment management. He has managed a private equity fund in the agriculture sector and has been a director of a number of investment funds.

Geoff previously worked in the financial markets both offshore and in NZ and was the Group Treasurer of the New Zealand Dairy Board (NZDB) through the merger of the Dairy Companies and NZDB into Fonterra. He holds a BMS from Waikato University and taught the Masters of Applied Finance course at Victoria University. He is a former member of the Institute of Chartered Accountants, is a member of the Institute of Directors, and is a fellow of the Institute of Finance Professionals of NZ.



Lindsay Faithfull
Ngāpuhi

Lindsay Faithfull is the Managing Director of McKay Ltd, a Northland-grown, 550-employee strong electrotechnology company owned by his family. He holds a BE(HONS) from the University of Canterbury, is a chartered engineer in the United Kingdom and New Zealand and is a member of the Institute of Directors. Lindsay also has a proven record of commercial leadership recognised in his position as a member of the Tai Tokerau Northland Economic Action Plan governance team. Raised in Whangārei and of Ngāpuhi, English, and Scottish descent, he has a deep connection to Taitokerau and its communities, and a strong understanding of the region's economic context. Lindsay is passionate about the path to zero carbon and is a director of the Wellington Electric Boat Building Company and Naut, a marine electric propulsion startup.

1.7 MANAGEMENT



Richard Westbury
Chief Executive Officer (Acting)

Richard has a background in management consulting, corporate finance and direct investment having worked in various “Big 4” organisations in New Zealand and overseas. Richard has held executive leadership in investment funds over the last ten years.

Richard holds an honours degree in Commerce and Administration and a Science degree from Victoria University and is a CFA Charterholder.

Richard is experienced in leading complex transactions and setting investment strategy, as well as stakeholder engagement and financial management.

Resourcing model

Tupu Tonu is resourced by a small team of employees and contractors supplemented by external specialist advisers on an ‘as required’ basis. The resourcing approach is reflective of the Tupu Tonu operating model and the objectives.

Tupu Tonu as a good employer

Tupu Tonu supports staff to learn and develop their knowledge and skills according to their individual needs and long-term goals.

Tupu Tonu is committed to upholding our responsibilities as an Equal Employment Opportunities employer and creating a workplace that attracts, retains, and values diverse employees.

Tupu Tonu has a zero-tolerance approach to all forms of harassment and bullying and has policies in place to deal with these types of complaints should they arise. These measures, and the wider efforts of Management, are focused on ensuring Tupu Tonu has a productive work environment and a culture where staff are supported.

Māori Crown relations and Te Reo Māori

Tupu Tonu prioritises Māori Crown relations capability development for its team, to support Tupu Tonu to engage effectively with Māori. The capability development programme aligns with the Whāinga Amorangi Phase One plan developed by Te Arawhiti – the Office for Māori Crown Relations, with a focus on Te Ao Māori, Māori Crown relations history, Te Tiriti o Waitangi / the Treaty of Waitangi and te reo me ona tikanga. This is being achieved through a series of workshops on Māori Crown relations history and Te Tiriti o Waitangi / the Treaty of Waitangi and regular Te Reo Māori training.

Health and safety

Tupu Tonu is committed to being a zero-harm employer with no days lost to incident. Tupu Tonu has developed policies to encourage staff participation in health and safety. Our office environment and our premises are safe and well maintained. Regular observations are undertaken to identify hazards and unsafe workplace practices and any training required is provided as appropriate. Any notifiable event is reported to the CEO and the Board Chair as soon as practicable.



Te Kohekohe housing, Kaikohe (above), Te Kamo Housing (below)



Paihia Maritime Building



SHOPS-CAFE

Days Out
Fishing Charters Ltd
021 0860 4019
info@fishingdaysout.co.nz
#fishingdaysout
www.fishingdaysout.co.nz

MARIE



2 FINANCIAL STATEMENTS RĀRANGI TAHUA



2.1 STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of the Tupu Tonu Financial Statements and Statement of Performance Outcomes, and for the judgements made in them.

The Board accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these Financial Statements and Statement of Performance Outcomes fairly reflect the financial position and operations of Tupu Tonu for the financial year ended 30 June 2023 (FY23).

Signed on behalf of the Board:



Brian Roche

Sir Brian Roche KNZM
Establishment Chair
30 October 2023



Ripeka Evans

Ripeka Evans
Deputy Chair
30 October 2023

2.2 STATEMENT OF PERFORMANCE OUTCOMES

This section describes what Tupu Tonu has achieved during FY23 to deliver on our broader aims and objectives. It includes information on Tupu Tonu Key Performance Indicators (KPIs) and the output class against our targets, as outlined in our Statement of Performance Expectations for FY23.

This Statement of Performance Outcomes is required under section 153 of the Crown Entities Act 2004 has been prepared in accordance with PBE FRS 48: *Service Performance Reporting*.

Who are we?

Tupu Tonu is a Crown-owned company listed under Schedule 4a of the Public Finance Act 1989.

Why do we exist?

The primary purpose of Tupu Tonu is to acquire and grow the value of a portfolio of high-performing commercial assets that can be offered in future Treaty negotiations with ngā hapū o Ngāpuhi, and to disburse a portion of annual profits to ngā hapū o Ngāpuhi.

What do we do?

We do this by:

- Investigating investment opportunities in whenua-based sectors in Taitokerau and acquiring investments in those sectors;
- Managing existing investments that have been acquired;
- Disbursing a portion of our annual profits to ngā hapū o Ngāpuhi; and
- Engaging with ngā hapū o Ngāpuhi on our engagement and disbursement objectives.

How did we perform?

The Statement of Expectations for FY23 set a range of objectives and performance indicators for Tupu Tonu during the financial year. These are drawn on below as an indication for what success looks like in each of the following key areas of service performance:

- Investments;
- Finance and Corporate;
- Engagement and Disbursements.

There were no significant judgements required as to the selection, measurement aggregation and presentation of performance indicators.

Output Class

Tupu Tonu has one class of outputs, being the management of an investment portfolio. Tupu Tonu does not have any outputs that are not a reportable class. The output class is intended to develop a commercial portfolio which can be used as commercial redress in relation to the historical Treaty of Waitangi claims of ngā hapū o Ngāpuhi.

Revenue and expenses

Our Budget for operating revenue and expenses reflected an increase in both areas consistent with a company in its second year of operations. Final operating revenue for FY23 exceeded budget targets, while operating expenses were under budget targets.

Measures	2023 Actual	2023 Budget	2022 Actual
Operating revenue	\$7.9m	\$6.4m	\$5.2m
Operating expenses	\$2.3m	\$2.8m	\$1.7m

Investment KPIs

Consistent with the company's overall purpose and objectives, the primary focus during FY23 was to continue building on the initial investment strategy carried out in FY22 to execute on the whenua-based strategy. A key measure of success for FY23 is that Tupu Tonu achieved its investment target of \$60m by June 2023. Management assessed each transaction for ESG considerations and instances where ESG outcomes could be achieved cost effectively going forward. For example as part of the forest acquisition, we determined that a best practice kaitakitanga environmental management approach should be used.

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, particularly the creation of a portfolio of high-performing commercial assets that can be offered in future Treaty negotiations with ngā hapū o Ngāpuhi.

Measures	Workstream	2023 Actual	2023 Target	2022 Actual
Committed fund capital by June 2023.	Investment	\$60.6m	\$60.0m	\$19.0m
Medium to long term minimum return target ¹ .	Investment	1.9%	2.0% ²	N/A
Where feasible and supportive of the Tupu Tonu primary commercial objectives, investments provide positive environmental, social and governance outcomes.	Investment	Achieved	Achieved	This was not a target for FY22

¹ Medium to long term means 5+ years.

² This is considered to be the mid-point of the Reserve Bank of New Zealand's target policy range for CPI.

Finance & Corporate KPIs

During FY23 Tupu Tonu continued to move beyond the establishment phase by embedding a number of systems and processes to assist the development of the company. Additional capability was employed in relation to the finance function, and policies, systems and processes evolved consistent with a company moving from year one to year two of full operations.

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, through the establishment of well-functioning business operations.

Measures	Workstream	2023 Actual	2023 Target	2022 Actual
Tupu Tonu core processes and systems refined, building on establishment.	Corporate compliance	Achieved	Achieved	Achieved
Net profit before disbursements/grants.	Budgeting	\$2.4m	\$3.5m	\$3.0m
Number of lost time injuries (core Tupu Tonu staff).	Corporate compliance	0 instances	<2 instances	0 instances
Compliance with legislative obligations. ³	Corporate compliance	Achieved	Achieved	Achieved

³ Tupu Tonu maintains a system to ensure compliance with legislative obligations such as the Crown Entities Act 2004 and taxation legislation.

Engagement KPIs

Tupu Tonu achieved its engagement objectives in relation to ngā hapū o Ngāpuhi for FY23. This was achieved through:

- Ongoing implementation of the engagement strategy (which had been approved by the Board prior to FY23), through ongoing engagement with ngā hapū o Ngāpuhi;
- 38 engagements with Ngāpuhi, hapū and rūpu;
- Feedback from hapu engagements was recorded and collated throughout the year, and then assessed and considered formally by the Board as part of the investment strategy refresh in Q4.

These outcomes have helped contribute to the overall purpose and objectives of Tupu Tonu, through building relationships with ngā hapū o Ngāpuhi and obtaining feedback that has informed the direction taken over the past year.

Measures	Workstream	2023 Actual	2023 Target	2022 Actual
Engagement strategy in place and being implemented.	Engagement	Achieved	Achieved	Achieved
MOUs or other arrangements entered into with hapū/hapū groupings, subject to hapū willingness to engage ⁴ .	Engagement	0	2	0
Number of engagements to develop relationships and build understanding with Ngāpuhi iwi, hapū, rūpu or entities.	Engagement	38 engagements	10 engagements	11 engagements
Pānui/updates informing Ngā hapū o Ngāpuhi of Tupu Tonu purpose, mandate, and activities.	Engagement	3 pānui	3 pānui	1 pānui
Any feedback from ngā hapū o Ngāpuhi is considered in investment strategy refresh.	Engagement	Achieved	Achieved	N/A
Monthly engagements with Crown monitor.	Engagement	10 engagements	10 engagements	N/A
Quarterly meetings with the shareholding Minister ⁵ .	Engagement	2	4	N/A

⁴ Entering into MOUs was subsequently deemed inconsistent with wider engagement approach.

⁵ Meetings held on an as required basis at the Minister's request.

Disbursement KPIs

Tupu Tonu achieved its disbursement objectives in FY23. The approach to the disbursements programme was designed and approved by the Board in Q1 and Shareholding Ministers in Q2. The framework design reflected the overarching policy purpose of delivering disbursements to ngā hapū o Ngāpuhi that was reflective of their needs and easily accessible. The first round opened for applications in November 2022 and closed in March 2023, and final payments were made in May 2023. In total, \$485,000 (including GST) was disbursed to 51 Ngāpuhi hapū, whānau and rōpu.

Measures	Workstream	2023 Actual	2023 Target	2022 Actual
Disbursement framework is designed.	Disbursements	Achieved	Achieved	N/A Disbursements began in FY23
Delivery of pilot round of disbursements completed.	Disbursements	Achieved	Achieved	N/A Disbursements began in FY23
Committed disbursements.	Disbursements	\$0.5m	\$0.3m	\$0 ⁶

⁶ Disbursements were not an output in FY22, as they began in FY23.

2.3 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 30 JUNE 2023

		Actual 2023	Unaudited Budget 2023	Actual 2022
	Note	\$000	\$000	\$000
Revenue from exchange transactions				
Interest revenue		4,180	1,745	1,485
Sale of kiwifruit		680	1,147	1,033
Rental income		358	448	264
Dividend income		599	585	-
Income from equity accounted investments		86	-	-
Other investment income		-	522	-
Revenue from non-exchange transactions				
Revenue from the Crown		2,050	2,000	2,390
Total revenue		7,954	6,447	5,172
Cost of goods and services sold				
Orchard expenses	3	831	524	395
Forest expenses	3	103	-	-
Investment property expenses	3	76	120	32
Total cost of goods and services		1,009	644	427
Investment expenditure				
Investment and deal related expenses		407	448	188
Surplus after cost of goods and services sold and investment expenditure		6,537	5,355	4,557
Other expenditure				
Personnel costs	4	1,578	2,043	1,269
Directors' fees	4	188	191	188
Other expenses	5	177	275	96
Depreciation and amortisation	10	16	13	6
Operating lease expenses	6	90	86	79
Accounting services	5	86	50	36
Travel expenses		149	141	42
Total other expenditure		2,285	2,799	1,716
Gains/(losses) and impairments				
Gain on acquisitions		400	-	-
Revaluation gains (losses) on investment property	11	(717)	-	62
Write-down of carbon credits	12	(1,491)	-	-
Operating surplus		2,444	2,556	2,903
Disbursements		(459)	(300)	-
Net surplus/(deficit)		1,985	2,256	2,903
Other comprehensive income				
Revaluation gains on property, plant and equipment	10	1,967	-	-
Loss on financial assets classified at fair value	14	(1,535)	997	104
Total other comprehensive income		432	997	104
Total comprehensive revenue and expense		2,417	3,253	3,007

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.4 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

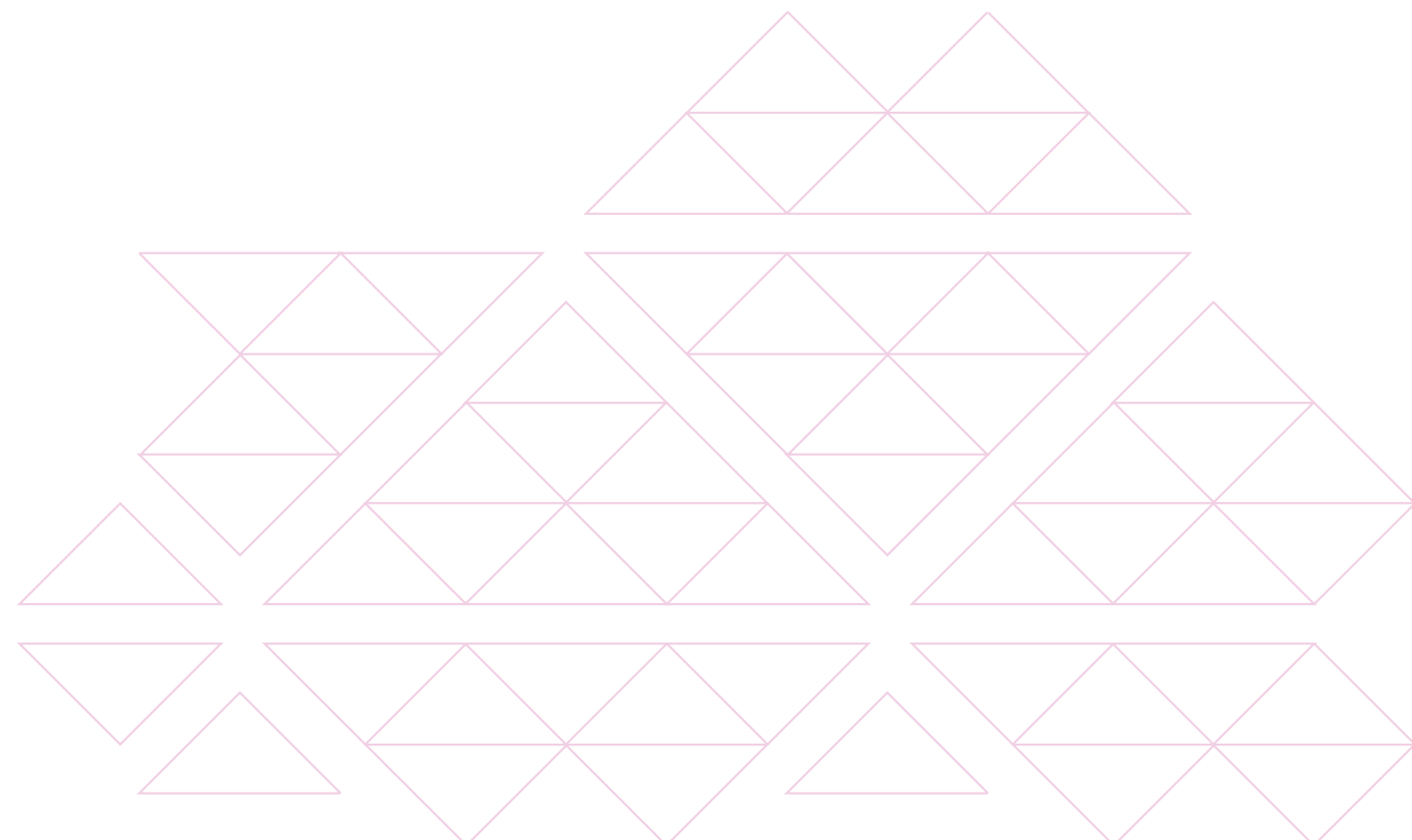
		Actual 2023	Unaudited Budget 2023	Actual 2022
	Note	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	7	49,722	6,037	31,157
Receivables	9	710	881	1,008
Bank deposits		68,986	89,156	102,583
Carbon credits as inventory	12	1,344	-	-
Prepayments		18	20	46
Total current assets		120,781	96,094	134,794
Non-current assets				
Property, plant and equipment	10	16,032	9,134	4,893
Investment property	11	16,837	6,830	6,650
Intangible assets	13	5,325	-	3,889
Equity accounted investments	15	4,106	-	-
Share investments	14	3,401	3,558	3,445
Investments		-	41,454	
Total non-current assets		45,702	60,976	18,877
Total assets		166,483	157,070	153,671
Liabilities				
Current liabilities				
Payables	16	10,604	264	219
Employee entitlements	17	38	-	27
Total current liabilities		10,641	264	246
Total liabilities		10,641	264	246
Net assets		155,842	156,806	153,425
Equity				
Contributed capital		150,000	150,000	150,000
Accumulated surplus		5,842	6,806	3,425
Total equity	19	155,842	156,806	153,425

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.5 STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

		Actual 2023	Unaudited Budget 2023	Actual 2022
	Note	\$000	\$000	\$000
Balance at beginning of the period		153,425	153,553	150,418
Total comprehensive revenue and expense for the period		2,417	3,253	3,007
<i>Owner transactions</i>				
- Capital contribution	19	-	-	-
Balance at 30 June		155,842	156,806	153,425

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.



2.6 STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

		Actual 2023	Unaudited Budget 2023	Actual 2022
	Note	\$000	\$000	\$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from the Crown		2,050	2,000	2,390
Interest received		3,547	590	996
Rental income		357	410	261
Dividends received		599	585	
Kiwifruit income		978	1,073	66
Investment income		-	522	-
Cash was applied to:				
Payments to suppliers, employees and net GST		(3,188)	(3,868)	(2,136)
Disbursements		(459)	(300)	-
Net cash flow from operating activities		3,884	1,012	1,577
Cash flows from investing activities				
Cash was applied to:				
Purchase of property, plant and equipment	10	(8,595)	(30)	(4,930)
Purchase of share investments	14	(1,492)	-	(3,341)
Net purchase of equity accounted investments	15	(4,020)	-	-
Purchase of intangible assets	13	(1,948)	-	(4,007)
Net purchase of bank deposits		34,230	30,618	(102,095)
Purchase of carbon credits as inventory	12	(2,835)	-	-
Purchase of investment property	11	(660)	-	(6,588)
Purchase of investments		-	(32,000)	-
Net cash flow from investing activities		14,681	(1,412)	(120,961)
Cash flows from financing activities				
Cash was provided from:				
Capital contribution from the Crown	19	-	-	-
Net cash flow from financing activities		-	-	-
Net (decrease)/increase in cash and cash equivalents		18,565	(400)	(119,384)
Cash and cash equivalents at the beginning of the period		31,157	6,438	150,541
Cash and cash equivalents at 30 June	7	49,722	6,038	31,157

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form an integral part of these financial statements.

2.7 NOTES TO THE FINANCIAL STATEMENTS

1. Statement of accounting policies

Reporting entity

Ngāpuhi Investment Fund Limited, trading as Tupu Tonu is a Schedule 4A company listed in the Public Finance Act 1989. Tupu Tonu is domiciled and operates in New Zealand. Tupu Tonu was incorporated on 11 December 2020.

The relevant legislation governing Tupu Tonu includes the Crown Entities Act 2004, the Public Finance Act 1989 and the Companies Act 1993.

The ultimate parent of Tupu Tonu is the New Zealand Crown.

The financial statements of Tupu Tonu are for the twelve months ending 30 June 2023 and were approved by the Board on 30 October 2023.

Statement of compliance

The financial statements have been prepared in accordance with the Crown Entities Act 2004 and the Public Finance Act 1989 and comply with Public Benefit Entity (PBE) Financial Reporting Standards. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it applies to financial statements.

The financial statements have been prepared in accordance and comply with the Tier 2 PBE Standards Reduced Disclosure Regime (RDR). Tupu Tonu is eligible to report under the Tier 2 PBE Standards RDR because it is not large and does not have public accountability as defined in the accounting standards framework.

Tupu Tonu is a public benefit entity, as the primary purpose is to acquire commercial investments which may be used in any future settlement of historical Treaty of Waitangi claims between the Crown and ngā hapū o Ngāpuhi. Tupu Tonu operates to make a commercial financial return on assets acquired.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the financial period.

Presentation and rounding

The financial statements are presented in New Zealand dollars, which is the Tupu Tonu functional currency. All values are rounded to the nearest thousand dollars (NZD'000).

Prior year comparatives

Where appropriate prior year comparatives have been restated to disaggregate other expenses in the Statement of Comprehensive Revenue and Expenses to align with the Statement of Performance Expectations Prospective Financial Statements for the corresponding FY2022/23 financial year.

Summary of significant accounting policies

Significant specific accounting policies are disclosed in the note to which they relate.

The following general accounting policies that materially affect the preparation of the financial statements have been applied:

Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised in the financial statements exclusive of GST, with the exception of receivables (aside from kiwifruit receivables) and payables which are stated inclusive of GST where applicable. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue is disclosed in the Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Tupu Tonu is a public purpose Crown-controlled entity listed in Schedule 35 of the Income Tax Act 2007 and is exempt from income taxation.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board. The budget figures have been prepared in accordance with PBE FRS, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. All budget figures in the financial statements are unaudited.

Accounting estimates and judgements

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

Estimates and judgements are periodically evaluated and are based on historical experience where applicable as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements are:

- Valuation of land (refer to Note 10).
- Receivables, including an estimated sale price for kiwifruit sold (refer to Note 2 & 9).
- Valuation of bearer plants (refer to Note 10).
- Valuation of forestry assets (refer to Note 10).
- Impairment assessment of intangible assets (refer to Note 13).
- Valuation of investment properties (refer to Note 11).
- Equity accounted investments (refer Note 15).

2. Revenue

Accounting Policy

The specific accounting policies for significant revenue items are set out below:

Revenue from the Crown

A funding agreement exists between Te Arawhiti – the Office for Māori Crown Relations and Tupu Tonu which provides funding for operating Tupu Tonu. Revenue under the funding agreement is recognised when it is probable that funding will be received, the value of the funding can be reliably measured and the transfer is free from conditions that require the funding to be refunded or returned to the Crown if the conditions are not fulfilled. To the extent there is a related condition attached to the funding that would give rise to a liability to repay the funding amount, deferred revenue is recognised instead of revenue. In such situations, revenue is then recognised as the conditions are satisfied.

Interest revenue

Interest revenue is recognised as the interest accrues, using the effective interest method. The effective interest method allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

Rental revenue

Rental revenue arising from operating leases for investment properties is accounted for on a straight-line basis over the lease term and included in revenue. The aggregate costs of lease incentives provided is recognised as a reduction in rental revenue over the lease term on a straight-line basis. Rental revenue is recognised inclusive of any outgoings recovered.

Kiwifruit income

Revenue from the sale of kiwifruit is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is Zespri Group Limited. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods. Income at year-end is based on the forecasted income per tray expected to be received, based on the forecast from Zespri Group Limited. Any revision of the prior years' recognised income is recognised in surplus or deficit.

3. Cost of goods and services sold

Accounting Policy

Orchard expenses

Orchard expenses are recognised and expensed as incurred. Orchard expenses includes direct orchard operating costs and the depreciation of bearer plants and orchard structures and amortisation of the SunGold G3 kiwifruit licenses.

Investment property expenses

Investment property expenses include costs associated with owning investment property and the amounts attributable to service charges or outgoings.

Forest expenses

Forestry expenses are recognised and expensed as incurred. Expenses include costs associated with managing the carbon forest.

	Actual 2023	Actual 2022
	\$000	\$000
Cost of goods and services sold		
Orchard expenses		
On-Orchard expenses	512	233
SunGold G3 kiwifruit license amortisation	207	118
Orchard structures and bearer plant depreciation	111	44
Total orchard expenses	831	395
Investment property expenses		
Recoverable service charges	67	28
Other investment property expenses	9	4
Total investment property expenses	76	32
Forest expenses		
Management expenses	103	-
Total forest expenses	103	-
Total Cost of goods and services sold	1,009	427

4. Personnel costs

Accounting Policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution superannuation schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation contributions and contributions are recognised in surplus and deficit.

The breakdown of personnel costs is as follows:

	Actual 2023	Actual 2022
	\$000	\$000
Salaries, wages, and contractor costs	1,547	1,218
Defined contribution plan employer contributions	29	15
Increase/(decrease) in employee entitlements (refer note 17)	2	36
Total personnel costs	1,578	1,269

Employee remuneration

During the year ended 30 June 2023 three employees received total remuneration more than \$100,000 (2022: Two).

During the year ended 30 June 2023, no employees received compensation and other benefits in relation to cessation (2022: Nil).

Board member remuneration

The total value of remuneration paid or payable to each board member for the year ended 30 June 2023 was:

	Actual 2023	Actual 2022
	\$000	\$000
Sir Brian Roche (Establishment Chair)	60	60
Ripeka Evans (Deputy Chair)	38	38
Lindsay Faithfull	30	30
Sarah Petersen	30	30
Geoffrey Taylor	30	30
Total Board member remuneration	188	188

Sir Brian Roche and Ripeka Evans were appointed on 11 December 2020. Lindsay Faithfull, Sarah Petersen and Geoff Taylor were appointed on 1 March 2021.

Board members did not receive additional payments or remuneration in conjunction with their role as a committee member.

Tupu Tonu has entered into a deed of indemnity with board members for certain activities undertaken in the performance of Tupu Tonu functions.

Tupu Tonu has taken out Directors' and Officers' Liability insurance cover during the financial period in respect of the liability or costs of board members and Officers.

No board members received compensation or other benefits in relation to cessation for the year ended 30 June 2023 (2022: Nil).

5. Other expenses and accounting services

The breakdown of other expenses is as follows:

	Actual 2023	Actual 2022
	\$000	\$000
<i>Accounting services - Fees to auditor</i>		
- fees to Deloitte for audit of financial statements	86	36
- fees to Deloitte for other services	-	-
Total accounting services	86	36
Consultancy	54	18
Non-investment related insurance	34	25
IT expenses	34	25
Office supplies	15	10
Other expenses	41	18
Total other expenses	177	96

6. Operating leases

Accounting Policy

Operating leases as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Leases in which the lessor retains substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Operating lease expenses are recognised on a straight-line basis over the period of the lease.

Lease incentives received are recognised in surplus or deficit as a reduction of rental expense over the lease term.

Tupu Tonu leases offices, office equipment and a vehicle for carrying out its business. The office lease expires on 30 April 2026 and the vehicle lease expires on 14 May 2025.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	88	80
Later than one year and not later than five years	152	225
Later than five years	-	-
Total non-cancellable operating leases	240	305

7. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

	Actual 2023	Actual 2022
	\$000	\$000
Cash at bank and on hand	49,722	31,157
Bank deposits with original maturities less than three months	-	-
Total cash and cash equivalents	49,722	31,157

8. Bank deposits

Accounting Policy

Bank deposits recognised as current assets are deposits with banks where the original maturity is greater than three months and less than one year.

Bank term deposits are initially measured at the amount invested. Accrued interest is added to the invested balance as it is earned, using the effective interest method.

All deposits mature within one year of 30 June 2023.

No allowance has been recognised for possible credit losses, as none are expected.

The breakdown of bank deposits with original maturities greater than three months and less than 12 months is as follows:

	Actual 2023	Actual 2022
	\$000	\$000
Bank deposits with original maturities less than three months and less than one year	68,986	102,583
Total bank deposits with original maturities greater than three months and less than one year	68,986	102,583

9. Receivables

Accounting Policy

Short-term receivables are not discounted and are recorded at the original transaction price, less any provision for credit losses. Short-term receivables are written off when there is no reasonable expectation of collection. An indicator that there is no reasonable expectation of collection includes the debtor being in liquidation.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Actual 2023	Actual 2022
	\$000	\$000
Trade receivables	5	4
Kiwifruit receivables	670	967
GST receivable	36	37
Total receivables	710	1,008

Trade receivables

Trade receivables represents service charges and outgoings recoverable from investment properties.

Kiwifruit receivables

The kiwifruit receivable is based on a forecast of proceeds to be received from Zespri Group Limited for the harvest of the 2023 crop. The forecasted proceeds are based on the actual number of trays supplied to Zespri Group Limited and forecast information from Zespri Group Limited on the revenue per tray expected to be received. Revisions of income receivable as a result of a change in the forecasted per tray payments are recorded in surplus or deficit – refer to Note 2. Kiwifruit receivables are expected to be collected within 12 months of 30 June 2023.

As at 30 June 2023 there was no provision for credit losses (2022: Nil).

10. Property, plant and equipment

Accounting Policy

Property, plant and equipment (except tree crop) are stated at cost less accumulated depreciation and impairment losses. Cost includes all expenditure that is directly attributable to the acquisition of the items. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Property, plant, and equipment consists of the following asset classes, which are measured as follows:

- Land, at cost not depreciated.
- Orchard structures, at cost less accumulated depreciation and impairment losses.
- Bearer plants, at cost less accumulated depreciation and impairment losses.
- Tree crop, at fair value.
- Furniture & office equipment, at cost less accumulated depreciation and impairment losses.
- IT equipment, at cost less accumulated depreciation and impairment losses.
- Forest infrastructure, at cost less accumulated depreciation and impairment losses.

Orchard structures

Orchard structures are on-orchard fixtures and fittings including posts and canopy supports and irrigation equipment.

Bearer plants

Bearer plants are the investment in kiwifruit vines and avocado trees. Cost includes all cost incurred to purchase or establish the asset to initial fruit harvest.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Tupu Tonu. All other subsequent expenditure is recognised in the Statement of Comprehensive Revenue and Expense.

Tree crop

On August 2022, Tupu Tonu acquired the carbon forest assets in Mangakahia at a purchase price of \$10.1 million. As the forest is maintained under a permanent carbon forest strategy, the trees are not intended to be harvested and as a result the forest assets are accounted for as property, plant and equipment. The New Zealand emission units (NZUs) are treated as inventory, refer to note 12. Subsequently, the forest assets were revalued at 30 June 2023. The Board of Directors determined a valuation for these assets derived from a discounted cash flow with due consideration of the following:

- Reviewing previous independent valuation advice;
- Projected free cash flows from the discounted cash flow model including price paths for NZUs with reference to the Climate Change Commission's report: Ināia tonu nei: a low emissions future for Aotearoa [the Report];

and

- Discount rates.

The key assumptions were a discount rate of 7.5% and the price path for the NZUs, and the recovery of the NZUs price from \$41.75 to the price path in the report. The Board note that there is a high degree of uncertainty with regards of the price path of the carbon credits and therefore the future financial performance of the forest.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Tupu Tonu and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

The costs of day-to-day servicing of property, plant, and equipment are expensed in the Statement of Comprehensive Revenue and Expense as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to accumulated surplus/(deficit) within equity.

Depreciation

Land is not depreciated. Depreciation is provided on a straight-line basis on all other classes of property, plant, and equipment, with the exception of tree crops – which are depreciated on a units of production basis. Depreciation is applied at rates that will reduce the initial measured amount of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Orchard structures	10 – 15 Years
Bearer plants	33 – 50 Years
Tree crop	23 – 50 Years
Furniture & office equipment	4 – 8 Years
IT equipment	4 Years
Forest infrastructure	22 – 50 Years

Impairment of property, plant, and equipment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine if there is any objective evidence of impairment.

Work in progress

Work in progress relates to the development costs associated with bringing bearer plants to a productive state where they can begin to bear kiwifruit. Such costs are capitalised against the cost of the asset as they are incurred. Once the asset has reached maturity and is capable of bearing kiwifruit, the balance is transferred to the Bearer plants asset class.

Finance leases

Tupu Tonu has not entered into any finance leases during the period covered by these financial statements.

Capital commitments

As at 30 June 2023 there was \$0 of capital commitments (2022: \$66,000).

Breakdown of property, plant, and equipment

Movements for each class of property, plant and equipment are as follows:

FY2021/22

	Land	Orchard Structures	Bearer Plants	Furniture & Office Equipment	Leasehold Improvements	IT Equipment	Forest Infrastructure	Tree Crop	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		\$000

Cost or valuation

Balance at 1 July 2021	-	-	-	-	-	13	-	-	-	13
Additions	1,789	500	2,583	47	-	12	-	-	-	4,931
Balance at 30 June 2022	1,789	500	2,583	47	-	25	-	-	-	4,944

Accumulated depreciation or impairment losses

Balance at 1 July 2021	-	-	-	-	-	1	-	-	-	1
Depreciation expense	-	18	26	1	-	5	-	-	-	50
Balance at 30 June 2022	-	18	26	1	-	6	-	-	-	51

Carrying amounts

Balance at 1 July 2021	-	-	-	-	-	12	-	-	-	12
Balance at 30 June 2022	1,789	482	2,557	46	-	19	-	-	-	4,893

FY2022/23

Cost or valuation

Balance at 1 July 2022	1,789	500	2,583	47	-	25	-	-	-	4,944
Additions	2,027	357	-	1	-	15	61	5,947	891	9,299
Revaluation increase	-	-	-	-	-	-	-	1,967	-	1,967
Balance at 30 June 2023	3,816	857	2,583	48	-	40	61	7,914	891	16,210

Accumulated depreciation or impairment losses

Balance at 1 July 2022	-	18	26	1	-	6	-	-	-	51
Depreciation expense	-	35	76	7	-	9	-	-	-	128
Balance at 30 June 2023	-	53	102	8	-	15	-	-	-	179

Carrying amounts

Balance at 1 July 2022	1,789	482	2,557	46	-	19	-	-	-	4,893
Balance at 30 June 2023	3,816	804	2,481	40	-	25	61	7,914	891	16,032

Depreciation expense on orchard structures, bearer plants and forest infrastructure is included in cost of goods and services sold. Refer to Note 3. Cost of goods and services sold. Depreciation expense on furniture and office equipment and IT equipment is included in other operating expenditure in the Statement of Comprehensive Revenue and Expense.

11. Investment Property

Accounting Policy

Investment property is property held either to earn rental income, for capital appreciation, or for both. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in surplus and deficit. Initial direct costs incurred in negotiating and arranging operating leases and lease incentives granted are added to the carrying amount of the leased asset.

Property valuations are carried out at least annually by independent registered valuers. The fair values are based on market values being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuations are prepared using a combination of the Capitalisation of Income and Discounted Cash Flow methodologies. The Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows.

Investment properties are de-recognised when they have been disposed of and any gains or losses incurred on disposal are recognised in Total Comprehensive Revenue and Expense in the year of de-recognition.

Any improvements to investment property are initially recognised at cost and are subsequently included in the fair value revaluation.

A summary of the valuation methods and significant assumptions applied in the valuation of these assets are as follows:

Asset Type	Valuation method adopted	Highest and best use	Significant assumptions
The Meridian – 85 Kerikeri Road, Kerikeri	Income Capitalisation and Discounted Cashflow Analysis	Current use	Net market rent of \$347,943 per annum. Capitalisation rate 5.75%. Discount rate of 7.25%.
Paihia Maritime Building	Fair value cost	Current use	Tupu Tonu went unconditional on the property on 29 June 2023. The purchase price was agreed as at 12 June 2023. The purchase price has been used as the best estimate at fair value as at balance date.

Movement in investment property

	Actual 2023	Actual 2022
	\$000	\$000
Movement in investment property		
Balance as at 1 July	6,650	-
Purchases of investment property	10,837	6,588
Capital improvements	67	-
Revaluation gains (loss) on investment property	(717)	62
Total investment property as at 30 June	16,837	6,650

Purchases of investment property consisted of the acquisition of the Paihia Maritime Building.

12. Carbon Credits as inventory

As the owner of a carbon forest, Tupu Tonu is allocated carbon emission credits (“NZUs”) through the Emissions Trading Scheme. Should these plantations be harvested and / or deforested, a liability would be incurred up to a maximum of the credits received. It is not the intention of Tupu Tonu to harvest or deforest.

NZUs issued to Tupu Tonu are acquired through non-exchange transactions (as Tupu Tonu generates NZUs from its carbon forest) and therefore recognised at their fair value as at the date of issuance. Tupu Tonu has considered their business model, the carbon units on hand are held for sale in the normal course of business. Tupu Tonu recognises carbon credits as inventory acquired through non-exchange transactions. Inventory is re-measured at fair value less costs to sell at each balance date. All changes in the fair value less costs to sell of such inventories are recognised in surplus or deficit.

	Actual 2023	Actual 2022
	\$000	\$000
Movement in inventory		
Balance as at 1 July	-	-
Acquisition of carbon credits as inventory	2,835	-
Less write-down of carbon credits as inventory	(1,491)	-
Total carbon credits as inventory as at 30 June	1,344	-

13. Intangible Assets and Goodwill

Accounting Policy

SunGold G3 kiwifruit licenses

SunGold G3 kiwifruit licenses are initially measured at cost and amortised on a straight line basis over the estimated useful life.

Goodwill

Goodwill that arises upon the acquisition of investments is included in intangible assets. Goodwill is initially measured at the fair value of consideration transferred, less the fair value of the net identifiable assets and liabilities assumed at acquisition date. Goodwill is re-measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, based upon the value in use of the cash generating unit to which the goodwill relates.

Amortisation

Amortisation is calculated to write-off the cost of the intangible asset less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised in Statement of Comprehensive Revenue and Expense. Goodwill is not amortised.

In September 2016, Zespri Group Limited issued a statement that Plant Variety Rights had been granted for the Gold3 (G3) variety and that these rights have an expiration date of 6 September 2039. Amortisation is calculated on the licences on a straight-line basis over the remaining licence period.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

The carrying amounts of intangible assets, other than goodwill, are reviewed at each reporting date to determine if there is any objective evidence of impairment.

Restriction

Zespri Group Limited must provide consent for Tupu Tonu to transfer the rights incorporated in the SunGold G3 kiwifruit licenses to another owner. That consent could be withheld. All SunGold G3 kiwifruit harvested must be supplied to Zespri Group Limited. Tupu Tonu does not own Plant Variety Rights, these are retained by Zespri Group Limited.

Security

No intangible assets have been pledged as security for liabilities.

The breakdown of intangible assets is as follows:

	SunGold G3 Kiwifruit Licenses	Goodwill	Total
	\$000	\$000	\$000
Cost			
Balance at 1 July 2022	3,707	300	4,007
Additions	1,644	-	1,644
Balance as at 30 June 2023	5,351	300	5,651
Accumulated amortisation and impairment			
Balance at 1 July 2022	118	-	118
Amortisation expense	207	-	207
Balance as at 30 June 2023	325	-	325
Carrying amount			
Balance at 1 July 2022	3,589	300	3,889
Balance as at 30 June 2023	5,025	300	5,325

14. Share Investments

Accounting Policy

Investments held in shares of listed entities are initially recognised at cost and subsequently measured at fair value with gains or losses recognised in other comprehensive income.

Where Tupu Tonu intends to hold shares for more than one year from balance date the shares are classified as non-current assets.

Movement in share investments

	Actual 2023	Actual 2022
	\$000	\$000
Movement in share investments		
Balance as at 1 July	3,445	-
Acquisition of share investments	1,491	3,341
Revaluation losses on share investments	(1,535)	104
Total share investments as at 30 June	3,401	3,445

The share investments are investments in Zespri Group Limited ordinary shares. Tupu Tonu is entitled to own shares in Zespri Group Limited in accordance with the Zespri Group constitution. Tupu Tonu views the investment in Zespri Group Limited shares as a long term investment intrinsically linked to the ownership of the orchards. As at 30 June 2023 Tupu Tonu held 586,356 shares in Zespri Group Limited.

15. Equity Accounted Investments

Accounting Policy

Equity accounted investments are initially recognised at cost, and their carrying value is adjusted to account for Tupu Tonu's portion of the investee's surplus or deficit after the acquisition date. Cash contributions to the investee increase the investment's carrying amount, while distributions received from the investee decrease it. If Tupu Tonu's share of losses surpasses its investment, a liability is recognised to the extent of Tupu Tonu's constructive or legal obligation. The carrying values of investments undergo annual reviews for indicators of impairment, and adjustments are made if necessary.

	Actual 2023	Actual 2022
	\$000	\$000
Movement in equity accounted investments		
Balance as at 1 July	-	-
Acquisition of interest in joint venture	4,050	-
Share of surplus	86	-
Less distributions to owners	(30)	-
Closing balance as at 30 June	4,106	-

Equity accounted investments represent a joint venture where Tupu Tonu holds joint control and a 50% ownership interest. On January 16, 2023, Tupu Tonu acquired a 50% stake in the newly established limited partnership, 450 Kamo Road Limited Partnership (LP). This partnership's principal business activity is providing community housing, in collaboration with Far North Holdings Limited (FNHL), which owns the remaining 50%.

16. Payables

Accounting Policy

Short-term payables are recorded at the amount payable, which is deemed to be the fair value.

Payable on investment property consists of the balance payable on the acquisition of the Paihia Maritime Building as an investment property.

	Actual 2023	Actual 2022
	\$000	\$000
Payables under exchange transactions		
Payables to suppliers	210	138
Accrued expenses	149	81
Payable on investment property	10,244	-
Total payables under exchange transactions	10,604	219

17. Employee Entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay and are classified as a current liability. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability.

Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability.

All other employee entitlements are classified as a non-current liability.

18. Contingencies

Contingent liabilities

Tupu Tonu had no contingent liabilities as at 30 June 2023 (2022: Nil).

Contingent assets

Tupu Tonu had no contingent assets as at 30 June 2023 (2022: Nil).

19. Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities, also known as net assets. Equity is disaggregated and classified into the following components:

- contributed capital; and
- accumulated surplus/(deficit).

Breakdown of equity and further information:

	Actual 2023	Actual 2022
	\$000	\$000
Contributed capital		
Balance as at 1 July	150,000	150,000
Capital contribution	-	-
Balance at 30 June	150,000	150,000
	Actual 2023	Actual 2022
	\$000	\$000
Accumulated surplus		
Balance as at 1 July	3,425	418
Total Comprehensive Revenue and Expense	2,417	3,007
Balance at 30 June	5,842	3,425
Total equity	155,842	153,425

Issued capital consists of a total of 150,000,100 ordinary shares.

All shares have equal voting and dividend rights and share equally in any distributions and in the event of liquidation.

20. Related Party Transactions

Tupu Tonu is controlled by the Crown and the Crown is a source of funding for Tupu Tonu.

Related party disclosures have not been made for transactions with related parties that are:

- a. within a normal supplier or client/recipient relationship; and
- b. on terms and conditions no more or less favourable than those that it is reasonable to expect Tupu Tonu would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Related party transactions required to be disclosed

There were no related party transactions during the period. Transactions with key management personnel are disclosed below. Key management personnel comprises the Board and the Executive.

Key management personnel compensation:

	Actual 2023	Actual 2022
	\$000	\$000
Total key management personnel remuneration ⁽¹⁾	798	676

No Board members received compensation for services provided to Tupu Tonu other than Director fees (2022: Nil).

The Chief Executive received total remuneration of \$310,200 in the financial year ended 30 June 2023, (2022: \$257,000). The Chief Executive did not receive any incentive payments (2022: Nil).

(1) Key management personnel comprise of 2.8 full time equivalent staff (FTE), (2022: 2.6 FTE).

21. Financial Instruments

Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Tupu Tonu is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, receivables, and payables. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

Initial recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Tupu Tonu becomes a party to the contractual provisions of the financial instrument. They are initially recognised at fair value plus transaction costs.

The classification of financial instruments at initial recognition depends on the Tupu Tonu business model for managing the financial assets and the financial asset's contractual cash flow characteristics. In assessing the business model for managing a financial asset, all relevant information is considered.

Subsequent measurement

Tupu Tonu financial assets and financial liabilities are subsequently classified into the following categories:

- Financial assets at amortised cost; and
- Those to be measured at fair value through profit or loss
- Those to be measured at fair value through other comprehensive income.

Tupu Tonu financial assets are classified at amortised cost if both of the following criteria are met:

- The financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents and receivables.

Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method and are subject to impairment. When a financial asset is impaired, impairment losses are recognised in the Statement of Comprehensive Revenue and Expense in the period in which they arise.

Tupu Tonu financial assets are reclassified when, and only when, the business model for managing those financial assets changes.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities. This category includes trade payables and accrued expenses. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Tupu Tonu financial liabilities are reclassified when, and only when, the business model for managing those financial liabilities changes.

Financial assets and financial liabilities at fair value through profit or loss

The following financial assets and financial liabilities are classified at fair value through profit or loss (FVPL):

- Financial assets, including debt instruments, that do not qualify for measurement at amortised cost;
- Financial assets and financial liabilities that are held for trading; and
- Financial assets for which Tupu Tonu has not elected to recognise fair value gains and losses through other comprehensive income.

This category includes investments in derivative financial instruments, listed and unlisted fixed income bonds, collective investment funds and Limited Liability Partnership's (LLP's). These financial assets are either held for trading or are managed and have their performance evaluated on a fair value basis. Tupu Tonu does not designate any derivative financial instruments as hedges in a hedging relationship. Financial assets and financial liabilities at fair value through profit or loss are recognised in the Statement of Financial Position at fair value with changes in fair value being recognised in the Statement of Comprehensive Revenue and Expense in the period in which they arise.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or when Tupu Tonu has transferred substantially all of the risks and rewards of ownership. A financial liability is derecognised when the Tupu Tonu obligation under the liability is discharged, cancelled or has expired.

Impairment

Tupu Tonu assesses, at each reporting date, whether a financial asset is impaired. The amount of the impairment loss is the difference between the contractual cash flows due in relation to the financial asset and the cash flows that Tupu Tonu expects to receive, discounted at an approximation of the original effective interest rate.

Financial assets that are measured at amortised cost and therefore subject to the impairment provisions (the 'expected credit loss model') of PBE IPSAS 41 Financial Instruments, comprise cash and cash equivalents and receivables. The impairment loss for cash and cash equivalents is considered immaterial. Tupu Tonu only holds receivables that have maturities of less than 12 months. As such, Tupu Tonu has applied a simplified approach for calculating expected credit losses (ECLs) on receivables under PBE IPSAS 41 Financial Instruments. As a result, Tupu Tonu does not track changes in credit risk, but instead, recognises impairment losses based on lifetime ECLs at each reporting date. The Tupu Tonu approach to ECLs reflects a probability-weighted outcome using reasonable and supportable information that is available without undue cost or effort at reporting date about past events, current conditions, and forecasts of future economic conditions.

Financial instrument categories

The carrying amount of financial assets and liabilities in each of the financial instrument categories is as follows:

	Actual 2023	Actual 2022
	\$000	\$000
Financial assets measured at amortised cost		
Cash and cash equivalents	49,722	31,157
Receivables	1,784	1,008
Bank deposits with original maturities greater than three months	67,865	102,583
Total financial assets measured at amortised cost	119,371	134,748
Financial assets measured at fair value through other comprehensive income		
Share investments	3,401	3,445
Financial assets measured at fair value through other comprehensive income	3,401	3,445
Financial liabilities measured at amortised cost		
Payables	210	138
Payable on investment property	10,244	-
Total financial liabilities measured at amortised cost	10,454	138

22. Events After the Balance Date

Subsequent to balance date the following non-adjusting events were noted:

In September 2023 Tupu Tonu satisfied its board approval and due diligence conditions regarding the acquisition of a commercial property in Opononi for \$2.5 million.

In September 2023 Tupu Tonu entered into a conditional binding letter of intent to purchase a \$4 million convertible note in the Otawere Water Storage Reservoir, with the option to acquire shares in the Matawii Water Storage Reservoir.

There were no other significant events after balance date.

23. Explanation of Major Variances Against Budget

Explanations for major variances from the budgeted figures are as follows:

Statement of Comprehensive Revenue and Expense

Revenue

Interest revenue was greater than budget primarily due to higher than expected interest revenue due to the increase in interest rates.

Orchard income was lower than forecast as kiwifruit production was lower than expected due to adverse growing conditions experienced this season, including higher than expected rainfall in summer and adverse weather events.

Cost of goods and services sold

Orchard operating expenses for the year were higher than budgeted due to costs incurred as a result of extreme weather events and higher than expected cost inflation.

Personnel costs

Personnel costs were lower as recruitment has been delayed by a tight labour market.

Disbursements

Disbursements paid out during the year are derived from the previous years investment returns, which were higher than budgeted.

Inventory write-down

The inventory held by Tupu Tonu refers to the carbon credits it holds from its investment in the carbon forest. At the time of budget setting, it was uncertain which assets Tupu Tonu would acquire, and how any price fluctuations would impact the financial statements. No budgeted write down of inventory was therefore included.

Statement of Financial Position

Investments

At the time of budget setting the nature, size and timing of investments was uncertain. Investments in the budget assumed longer dated bank deposits.

Accumulated surplus

Refer to comments in the Statement of Comprehensive Revenue and Expense section above.

Statement of Cash Flows

Investments

At the time of budget setting the nature, type and timing of investments was uncertain.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NGĀPUHI INVESTMENT FUND LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Ngāpuhi Investment Fund Limited (the Fund). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the performance information of the Fund on his behalf.

Opinion

We have audited:

- the financial statements of the Fund on pages 38 to 66, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Fund on pages 33 to 37.

In our opinion:

- the financial statements of the Fund on pages 38 to 66:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information on pages 33 to 37:
 - presents fairly, in all material respects, the Fund's performance for the year ended 30 June 2023, including for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.



Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Fund for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Fund for assessing the Fund's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Fund or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Fund's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.



As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Fund's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Fund and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 32, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independence

We are independent of the Fund in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Fund.

A handwritten signature in black ink that reads "Silvio Bruinsma".

Silvio Bruinsma
Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand



