







*Our Production Thinning team, Chappie Brown and Paewai Ihaka*



**Pārengarenga Incorporation**

## Annual Report • 2022

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# Our Strategy 2021-2026 - Overview

## Mahere Rautaki

### Our Vision

#### Te Wawata

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

### Our Mission

#### Te Aronga

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

### Our Five-Year Plan and Goals

#### Te Take me Ngā Whāinga

Develop a diversified and sustainable portfolio of commercial investments that leverages our land assets to deliver \$12m annual revenue by 2026 (see outline, page 40).

#### Ngā Whāinga

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

### Our Shared Values

#### Ngā Tikanga

##### WHAKAPONO ME TE TIKA

*Integrity, Honesty, Trust*

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

##### KAITIAKITANGA ME TE WAIRUA

*Guardianship Spirituality*

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

##### MANAAKITANGA

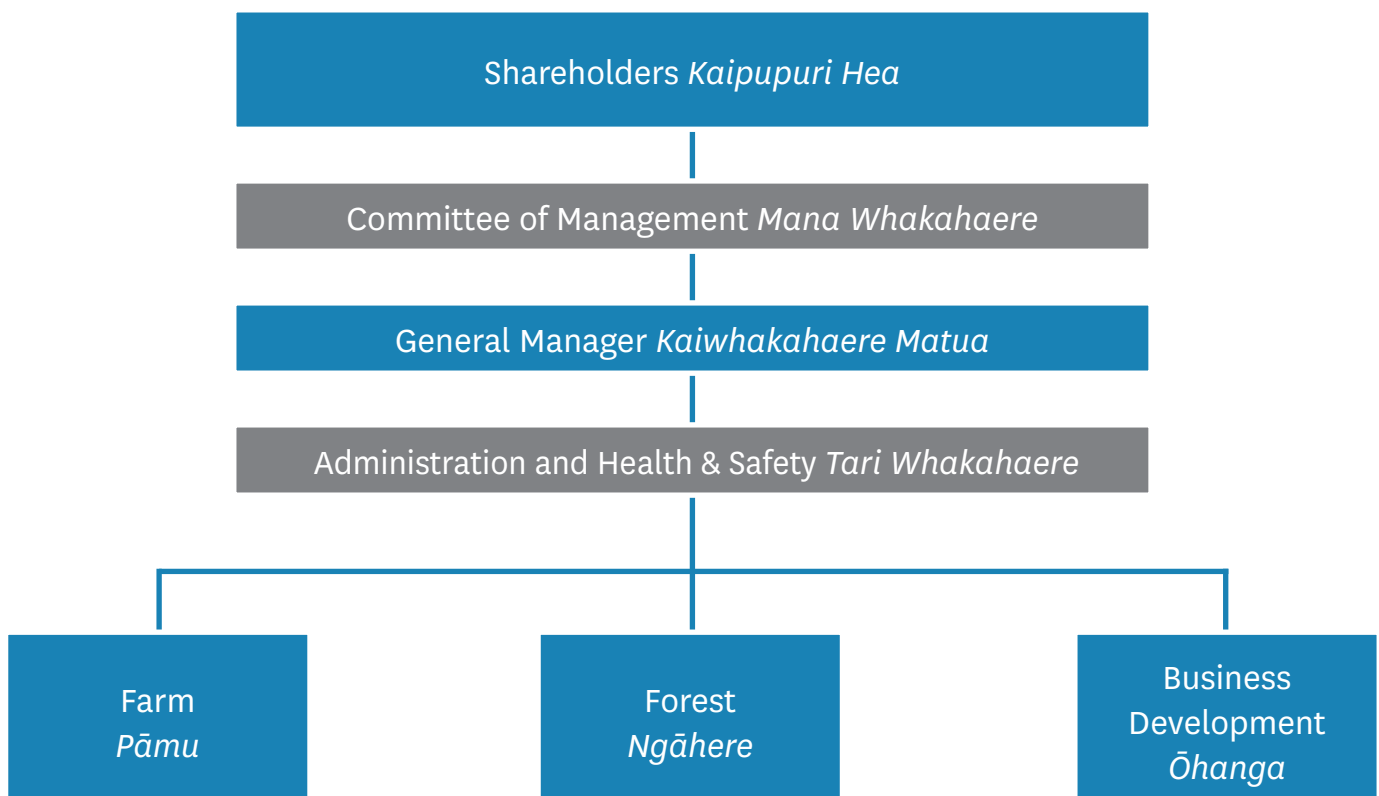
*Respect, Generosity & Care for others*

We respect and care for everyone in our work and workplaces

##### RANGATIRATANGA

*Leadership, Team Work, Growth*

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





# Agenda

## *Rārangi Take*

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

- 9.45am**
- **CONFIRMATION OF SPECIAL GENERAL MEETING MINUTES 2021**  
Ngā Minitī mo te Hui Tāpiri 2021 kia Whakatūturutia
  - **CONFIRMATION OF ANNUAL GENERAL MEETING MINUTES 2021**  
Ngā Minitī 2021 kia Whakatūturutia

- 10.30am**
- **CHAIRMAN'S REPORT**  
Te Ripota o te Heamana

- 11.15am**
- **ANNUAL FINANCIAL ACCOUNTS**  
Ripoata Pūtea mo te Tau
  - **APPOINT AUDITOR AND SHARE VALUER APPOINTMENT**  
Whakaritenga Kaitaatarī Pūtea me te Kaiwariu Hea
  - **GENERAL BUSINESS**  
Umanga Whānui

- 12.30am**
- **CLOSE OF AGM**  
Mutunga

- 12.45pm**
- **LUNCH**  
Tina

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





# Notice of Motions

## *Ngā Mōtini Panui*

### Apologies

1. **THAT** the Apologies for the combined 2022 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

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

2. **THAT** the circulated Minutes of the previous combined Parengarenga A Incorporation and Parengarenga B3C Trust SGM held on 30 October 2021 be confirmed as a true and accurate record.
3. **THAT** the circulated Minutes of the previous combined Parengarenga A Incorporation and Parengarenga B3C Trust AGM held on 27 November 2021 be confirmed as a true and accurate record.

### Reports

4. **THAT** the Annual Chairman's Report 2022 be adopted.
5. **THAT** the combined 2022 Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2022 be adopted.

### Appointment of Auditor and Share Valuer

6. **THAT** PKF Francis Aickin Limited of Kaitia be retained as Auditors for Parengarenga A Incorporation and Parengarenga B3C Trust for the 2022/2023 financial year and
7. **THAT** BDO Northland of Kerikeri be appointed as Share Valuers for Parengarenga A Incorporation and Parengarenga B3C Trust for the 2022/2023 financial year.

### Setting of the next Annual General Meeting date

8. **THAT** the date be set down for Saturday 25 November 2023.



# Minutes

## Ngā Minitī 2021

OF THE COMBINED PARENGARENGA A INCORPORATION AND B3C TRUST  
SPECIAL GENERAL MEETING HELD AT POTAHU MARAE, TE KAO 30TH OCTOBER 2021

### Start:

9.00am

### Opening Whakamoemiti:

Maringinoa Wood

### Mihi:

Robert Kaaka, Mark Nathan, Pereniki Conrad

### Present:

#### Committee of Management:

Chad Paraone (via zoom), Pereniki Conrad, Ngainanga Kapa, Clayton Wiki, Te Huia Cooper, Joyce Munns, Rihari Wiki

Anna R Carpenter

Arthur Subritzky

Awa Kaipo

Barry Bouton

Barry Carey

Dan Henderson

Deidre Everitt

Edwina Stevenson (by Zoom)

Ema Kaipo-Dunn

Erina Murray

Errol

Gillian Harper

Grant Rowe

Hemowai Minty

Jack Duncan Ratu

Jerry Brown (by Zoom)

John Paitai

Joshua Topp

Kaneihana Kaaka

Kathy Manga

Lennis Lee

Maahia Nathan (by Zoom)

Margurita Williams

Maria Wiki

Maringinoa Wood

Mark Nathan

May Takawe

Meri Wiki

Mike Wikitera

Pana Williams

Parani Julieann Motu

Pauline Wilton

Peggy Kahi

Peggy Pomare

Rangimarie Rameka

Rata Matiu

Rosina Clarke

Rihari Wiki

Rita Carey

Robert Kaaka

Rosie Conrad

Ruki Motu

Sam Johnson

Sandra Everitt

Sarah Murray

Shelly Cope

Tania Desmond

Tina Kahi

Tiwha Everitt

Tom Allan

Tunisia Tipoki

Tutangiora Nathan

Winiata Brown

### Presentation:

The Chairman apologised for being unable to attend in person, due to Covid lockdown rules preventing him from leaving Auckland. Housekeeping rules relating to managing risks under Covid-19 Level 2 were covered, prior to the presentation commencement.

The Committee of Management and General Manager then outlined the purpose of the meeting, and took shareholders through the background, context and decision sought regarding the purchase of the Te Kao Forest, as had been circulated in writing prior to the meeting. Discussion followed prior to voting on the motion that had been circulated with meeting documentation.

The key points covered in the presentation and discussion follow.

1. Taumata Plantations Limited decided to end their relationship with the Te Kao Forest as it is a long distance from their other forest interests and quite small compared with the rest of their estate.
2. In early November 2020, Hancock Forest Management (HFM), as agent of Taumata Plantations Limited (TPL), advised Parengarenga Incorporation (PINC) that they had been presented with an offer to purchase TPL's interest in the Te Kao Lease by a third party and that Taumata Plantations limited was agreeable to the offer presented.
3. One of the terms of the PINC lease with Taumata stated that Taumata "shall not assign its rights except with the prior written consent of the Lessors. The Lessors, under the Lease, covenant not to unreasonably or arbitrarily withhold such consent."
4. PINC advised HFM that it would not agree to assign the lease to any third party until PINC had determined whether or not it wished to purchase TPL's interest in the forest itself.
5. PINC completed a valuation of the forest in March 2021. It also approached the market and negotiated a potential arrangement with a customer (China Forest Group or CFG) that would allow PINC to pre-sell them stands of the Parengarenga A forest to finance the purchase.
6. The valuation of the Te Kao Forest produced a figure that was less than expected. It highlighted that the forest had been somewhat neglected and is not in great shape. This made a purchase more affordable for PINC. PINC advised HFM that it wished to enter into negotiations to purchase TPL's interest in Te Kao Forest.





7. The negotiations were successful and a price of \$4.16 million was agreed upon. PINC made this agreement subject to two conditions:
  1. that the PINC Committee of Management endorsed the sale, and
  2. that shareholders ratify this decision at a Special General Meeting held for that purpose.
8. Prior to the execution of the Sales and Purchase Agreement by the two parties, PINC entered into negotiations with its bank, BNZ, to explore an alternative means to fund the purchase. This was successful and became the preferred finance option (rather than CFG).
9. Shareholders questioned the risks associated with a potential purchase and how this would differ to the Fish Farm investment. A discussion on the associated risks and alternatives took place. It was also noted that the Fish Farm was a new venture in a new industry outside PINC existing experience and expertise (hence higher risk), whereas purchasing Te Kao Forest would sit within PINC current forest portfolio and forestry operations, where it has good operational knowledge and skillsets. In response to questions about carbon credits, it was explained that the purchase would not include transfer of any carbon credits.
- 10 Shareholders expressed enthusiasm for the purchase, noting that it would bring all forests on PINC lands under the control of PINC, and noting the potential for the future of the PINC forestry business. In response to a question of when dividends might be paid by PINC to shareholders, it was noted that this will be done when PINC is in a position with sufficient earnings to distribute dividends without putting the business at risk, and that commencement of the second harvest of the Parengarenga forest should be a key factor in this.

#### Motion:

**THAT** the shareholders of Parengarenga Incorporation ratify the Committee of Management decision to purchase the 80% share of the Taumata Forest Right in the Parengarenga B3C Block (known as the Te Kao Forest) for the sum of \$4,160,000 (four million one hundred and sixty thousand dollars).

**Moved by:** Winiata Brown

**Seconded by:** Maringinoa Wood

#### Voting:

76 valid votes & 32 invalid votes received

**Āe (votes in support of the motion) :** 72

**Kāhore (votes against the motion) :** 4

**Motion Carried.**

**Mihi:** John Paitai, Mark Nathan, Winiata Brown

**Closing Whakamoemiti:** Ema Kaipo-Dunn

**Meeting finished:** 11.15am



# Minutes

## Ngā Minitī 2021

OF THE COMBINED PARENGARENGA A INCORPORATION AND B3C TRUST  
ANNUAL GENERAL MEETING HELD AT POTAHU MARAE, TE KAO 27th NOVEMBER 2021

### Start:

9.03am

### Opening Whakamoemiti:

Maringinoa Wood

### Mihi:

Robert Kaaka, Mark Nathan, Rihari Wiki, Huia Cooper, Chad Paraone

### Trustees:

Chad Paraone, Ngainanga Kapa, Rihari Wiki, Huia Cooper, Clayton Wiki, Joyce Munns, Pereniki Conrad

### Present:

Agnes Smith	Maria Wiki
Josephine Howearth	Sarah Murray
Phyllis Kapa	Dan Henderson
Allen Heta	Mariameno Kapa-Kingi
Joshua Topp	Shanda Hohepa
Rata Matiu	Ed Moses
Awa Kaipo	Maringinoa Wood
Joyce Kupe-Stephens	Shelly Cope
RG Clarke	Eddy Marsden
Barry Bouton	Mark Nathan
Joyce Munns	Siebert Ropiha
Richard Wiki	Gillian Harper
Barry Carey	Mata Cook
Julia Peters	Simon Abraham
Rick Witana	Heta Conrad
Bella Nathan	Meri Wiki
Julia Vaka	Tunisia Tipoki
Rihari Wiki	Hine Murray
Bernadine Kapa	Miriam Oneroa
Karepori Kaipo	Tania Good
Rita Carey	Huia Cooper
Betty Harris	Morehu Kaaka
Kataraina Rourangi	Tiwha Everitt
Robert Kaaka	Ian Smith
Bonnie Harris	Ngainanga (Naina) Kapa
Leigh Subritzky	Tom Allan
Roberta Otene	Jack Ratu
Chad Paraone	Nikarena
Lester	Tutangiora Nathan
Robyn (Connie) Hassan	Jim Mani
Charles Tuhei	Orzogna (Zona) Harris
Maa Winikerei	Whiti Awarau
Rosina Clark	John Paitai
Clayton Wiki	Peggy Kahi
Marara Harihona	Wiremu Smith
Sandra Everitt	John Tahana
D Everitt	Pereniki (Niki) Conrad

### Apologies:

Aaron Keepa Wetere	Luke Piripi Kaaka
Joe Nathan	Tireiniamu Kapa
Rima Matiu Kaaka	David Henry Kaaka
Ana Carpenter	Marama Nathan
John Slade Junior	Toni-Melanie Wi
Shirley Wharerau	Ema Kaipo Dunn
Bette Thompson	Maudie Hughes
Kaneihana Kaaka	Verna-Lu Te Aroha Kaaka
Tame Nathan	Graeme Neho
Brian Wiki	Mitchell Dangen
Kath Manga	Wahanui Kaaka
Te Awhina Kaaka	Hana Slade
Catheryne Dangen	Paihere Kaaka
Keita Kaaka	Wati Wetini WT
Ted Creelman	Harvey Rogers
Daniel Noble	Peter Walden
Koro Kaipo	Wiremu Conrad Kaaka
Tipene Karena	Hopa Nathan
Daphne Neho	Rachel Ward

1. **THAT** the apologies of the combined 2021 Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting be accepted.

**Moved by** Joan Dangen **Seconded by** Rosina Clarke **Carried**

### Obituaries:

Alice Ratu (nee Tahitahi)	Lesley Walker
Josephine Rangī	Te Whetu Aperahama
Pirihira (Peti) Hynes	Desmond Matiu
Allen Anderson	Martha Tātā Norman
Kahi Harawira	Winifred Thompson (nee Wells)
Stan Marsh	George Silver/Sylva
Barbara Larsen	Matatua Rameka
Keepa Taylor Wiki	Jane Allen
Steven Ihaka	Norma (Pet) Wells
Bella Herewini (nee Tahitahi)	

A minute silence was observed as a mark of respect for te hunga mate, those who had passed on.

3. **Motion: THAT** the circulated Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 12th December 2020 be confirmed as a true and correct record.

**Moved by** Rosie Conrad **Seconded by** John Tahana **Carried**





## Chairman's Report

### Key discussion points arising:

**Organisational Culture** – An employee survey conducted in May 2021 showed a positive shift in attitudes and perceptions of staff compared to 2019, which bodes well for the Incorporation.

**Health & Safety** – The Incorporation policies were reviewed by independent advisors and updated. WorkSafe audits on both Forest and Farm operations recorded satisfactory outcomes.

**Forestry** – Incorporation shareholders approved the purchase of the Te Kao Forest at a Special General Meeting held on 30th October 2021. This brings all pine forests on Incorporation lands back into the control of the Incorporation. The forestry operation will increase in size to manage the additional responsibilities and work to bring both forests into a single, managed forest estate.

**Farm** – Progress on the 3-year farm development plan is going very well under the guidance of the Farm Advisory Committee. Boosts in farm performance enable the Incorporation to grow revenue and invest back into the farm. Shareholders spoke positively about their observations of the farm, acknowledging the farm manager for the visible improvements and good condition.

**Covid-19 vaccinations** – In response to questions from the floor, the Chair advised that the committee of management have a pro-vaccination stance and strongly encouraged all staff to be vaccinated, but that this was not mandatory. Most, but not all, staff are vaccinated. The majority of attendees at the hui felt the Incorporation should make vaccination mandatory for staff, but it was acknowledged there were legal issues that would likely inhibit this.

**Takutai Moana** – Shareholders reiterated views expressed previously that the Incorporation and Te Rūnanga Nui o Te Aupōuri (TRNOTA) should be working together on Takutai Moana applications, and urged that the Incorporation continue to pursue this. The Chair noted previous approaches to TRNOTA had not met with success, but was firmly of the belief that there would be a way to get both parties working together and the two applications aligned.

**Other Ventures** – The Incorporation remains interested in other potential business areas, such as apiculture and biochar, but the current priority focus is on Forestry operations, given the recent purchase of Te Kao forest that greatly increased the size (and demands) of this side of the business.

- 4. Motion: THAT** the Chairman's Annual Report 2021 be adopted.

**Moved by** Chad Paraone **Seconded by** John Tahana **Carried**

## Te Kao Forest Report

It was noted that the Incorporation now owns the Te Kao Forest and there will be a blessing to acknowledge this. Shareholders requested that the Incorporation protects any sites of significance and suggested that the original names for the roads be reinstated.

- 5. Motion: THAT** the Te Kao Forest Report July 2020-June 2021 is adopted.

**Moved by** John Tahana **Seconded by** Mark Nathan **Carried**

## Audited Accounts

It was noted that a number of leases have expired and that the General Manager is progressing these.

- 6. Motion: THAT** the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated accounts for the year ending 30 June 2021 be adopted.

**Moved by** Winiata Brown **Seconded by** Tiwha Everitt **Carried**

## Appointment of Auditor and Share Valuer

- 7. Motion: THAT** PKF Francis Aickin Limited Chartered Accountants of Kaitiaki be retained as Auditors for the Parengarenga A Incorporation for the 2021/2022 financial year.

**Moved by** Rosina Clarke **Seconded by** Tiwha Everitt **Carried**

- 8. Motion: THAT** BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Parengarenga A Incorporation for the 2021/2022 financial year.

**Moved by** Rosie Conrad **Seconded by** Tutangiora Nathan **Carried**

## General Business

The two additional items outlined in the AGM book were discussed and the associated motions set out in the book were voted upon.

- 9. Motion: THAT** shareholders accept postal and/or electronic votes for all future Annual General Meetings and Special General Meetings of Parengarenga A Incorporation.

**Moved by** Winiata Brown **Seconded by** Awarua Kaipo **Carried**

- 10. Motion: THAT** the constitution of Parengarenga A Incorporation be amended to include a new clause 6 (f) (iii) as follows:
- 6. Business of Annual General Meeting.
  - (f) To authorize, by resolution,
  - (iii) Proposed changes to CoM Member remuneration.

**Moved by** Rosie Conrad **Seconded by** Joan Dangen **Carried**

## Election of Members to the Committee of Management

Shareholders voted on the candidates standing for election to the three available positions, overseen by Barry Carey as the Returning Officer and Josephine Howearth and Julia Vaka as Scrutineers. The election results were:

<b>51 votes</b>	<b>Jack Ratu</b>
<b>48 votes</b>	<b>Chad Paraone</b>
<b>42 votes</b>	<b>Ngainanga Kapa</b>
<b>32 votes</b>	<b>Rihari Wiki</b>
<b>28 votes</b>	<b>Maria Wiki</b>

8 invalid votes

The Deputy Chairperson declared Jack Ratu, Chad Paraone and Ngainanga Kapa as the duly elected members to the Committee of Management for a three-year period.



## General Business

**Te Pua Reserve** – Shareholders were advised that the Incorporation policy for Te Pua Reserve was that campers must be double vaccinated to be admitted to the campsite and that numbers will be restricted to a maximum of 100 people camping at any one time. The majority of shareholders in attendance supported this policy. It was noted that access to the harbour should only be through the gate at Te Pua. Shareholders raised concerns about not being able to monitor access to another boat ramp at the back of the Fishfarm and suggested that the Incorporation takes steps to close this.

**Fishfarm** – In response to shareholder questions, the hui was advised that the water resource consent for the fishfarm runs through to 2038. The Incorporation wished to make use of the tax losses associated with the fishfarm to offset (reduce) future tax payments. This would likely require changes to the fishfarm share register, particularly the small proportion of privately held shares.

**Pōtahi Marae** – The Pōtahi Marae trustees present at the hui acknowledged and thanked the Incorporation for the continued assistance provided to the Marae, noting this is beneficial to both parties as well as our community and iwi.

**Mutton** – A limited number will again be available to shareholders, managed via the office.

## Setting Of The Next Annual General Meeting Date

**11. Motion:** THAT the date be set down for Saturday 26th November 2022.

**Moved by** John Tahana **Seconded by** Rosie Conrad **Carried**

**Meeting finished:** 12.30pm.

*Our resilience as a people in hard time, embracing technology.*







# Committee of Management

## *Komiti Whakahaere*



**Chad Paraone**  
*Chairman*



**Huia Cooper**  
*Deputy Chair  
and Policy*



**Joyce Munns**  
*Forestry Chair*



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



**Ngainanga Kapa**  
*Culture &  
Environment*



**Pereniki Conrad**  
*Farming Chair*



**Jack Ratu**  
*Forestry*



**Barry Bouton**  
*General  
Manager*



# Chairman's Report 2022

## *Te Rīpota o te Heamana*

Tēnā rā koutou, e ngā kaipupurihea.

2022 has been a year of development and progress towards our long-term strategic plan objectives for Parengarenga Incorporation. There has been a strong focus on positioning ourselves to provide maximum, sustainable returns for shareholders in the medium term and for future generations.

### Financial result

I am pleased to report a highly satisfactory financial performance by the Parengarenga Group over the course of this year. The combined annual profit for the year shows at \$1.6m. This excludes the opening stock movement in the livestock values, valued using the IRD's herd scheme. The herd scheme livestock opening valuation increased by \$975k (reducing taxable earnings). Therefore, the taxable profit and the increase in the livestock for the year combined is \$630k (2021-\$275k), which is a fantastic trading result.

Trading income increased by \$2.4m on the prior year. The Gross Profit on trading Income is \$9.6m million, compared to \$7.2 m in 2021.

It represents a strong turn-around in our operational efficiencies as we plan to harvest our main tree crop in 2023 and bed in the gains of our farm re-development plan in the same financial year.

My sincere thanks to all staff and management for this putting in the hard work to deliver this improvement. We'll continue to push to build on this.

The Tree Crop valuation as at 30 June 2022 was \$38.7m. The increase in Tree Crop value is \$5m. Overall, Total assets were up by \$7.5m. Liabilities increased by \$5m with the loan balance up by \$4m (largely forestry-related). The Net Asset value of the incorporation increased by \$2.45m.

### Forestry

As mentioned above the value of our forest increased from \$33.7 million (2021) to \$38.7 million this year, representing a 15% increase in asset value. This includes the increase in value occasioned by our purchase of B Block (the Te Kao Forest) for \$4.2 million in November last year.

Forest revenue of \$5.18 million is up \$1.54 million on last year's sales. Revenue will continue to grow as we commence our 2nd rotation harvest.

The net profit from Forestry was \$588k in 2022, compared to \$101k in 2021.

During the course of the year we:

- clearfell harvested (Special Block) 124 hectares to sell ±46,000 tonnes;
- production thinned 69 hectares to sell ±5,500 tonnes;
- thinned a further 274 hectares to waste and
- re-planted 168 hectares.
- Reduced areas lying fallow, awaiting re-plant, from 150 hectares to 99 hectares.

It has been a bumpy ride this year though. The year started well, with our sales contracts and harvesting volumes combining to produce substantial profits.

We negotiated funding to purchase \$5.5 million of new equipment to allow us to harvest our 2nd rotation crop ourselves (commencing January 2023). We have revisited our forestry operational models and options because of significant adverse market conditions. We are

faced with a "perfect storm" of negative drivers in 2023. These include:

- a very depressed Chinese export market because of continued covid lockdowns and a massive downturn in their building construction programme. This has resulted in export prices tanking.
- a local market that has been impacted substantially downwards because of increased wood availability (less wood going to export)
- Depressed local demand because of the housing market slump occasioned by negative economic indicators (largely inflation and higher interest rates)
- An over stock of house frames and trusses that remain unsold.

At the time of writing, we have successfully concluded negotiations for domestic wood supply contracts, that will allow us to commence our planned harvest of the main crop in January and deliver a forestry profit in 2022/23, albeit at reduced level.

After a Special General Meeting vote, the B Block purchase from Taumata Holdings Limited was completed the day before our AGM last year, a significant milestone for the Incorporation.

Thinning options were evaluated, including the option to contract out production thinning. We decided to stay with the previous plan to do both production and waste thinning utilising our own crew, as well as the clearfell operations of the special block.

There have been 2 external influences on our business this year. Covid affected most businesses, and we were no exception. Manpower shortages impacted both our clearfell and thinning programmes. These, combined with machinery breakdowns, made it a difficult operating environment.

The second major impact on our business was a consequence of the Ukrainian War and the escalation of petrol / diesel prices. This had a huge consequence for our gross margins, and we struggled to break-even over the last few months of the financial year.

Despite these challenging operational conditions, we ended up making a \$590k net profit, and at the same time kept up with our waste thinning plan. This represents a \$480k gain on budget targets.

In summary, it has been a rather tumultuous year for forestry, but this is good in the sense that progress is being made to find the right answers to manage our forests most efficiently into the future. Forestry is making a notable favourable contribution to the Incorporation's performance. Whilst improvements are ongoing, forestry is in a better position than it was a year ago.

### Farm

It has been an excellent year for our farm team. The 3-year business plan budget is being met and exceeded.

By advancing our development plan and through strong management practices and good weather, we made a net profit of \$570k. This is \$249k better than last year. This is a huge turn-around and I would like to thank all management, advisory and farm staff for achieving it.

The livestock plan provides for the stabilizing of breeding cow and ewe numbers at current levels, while increasing the bull finishing component. The development plan to enable the finishing systems to be achieved, includes identifying suitable areas of the farm to match the policy of two- hectare fenced cell systems with reticulated water.

Cattle sales numbers were up 157 head, with purchases down by 383 when compared to the 2021 year. This has resulted in an increase in



cash proceeds of \$968k. Stock on hand increased by 102 from 5,002 in 2021 to 5,104 in 2022.

Sheep sales increased by \$241k (with 590 less sheep sold) and purchases decreased (7 less sheep purchased), resulting in an increase in cash proceeds of \$242k. This increase was primarily due to higher lamb prices. There was an overall increase in stock numbers by 156 head at year end.

Gross Farming profit was up by \$947k on the 2021 financial year, after beef, sheep and wool sales are combined.

Next year should entrench the value added to our balance sheet by the implementation of the development plan, which enters its final year. It will allow us to continue to deliver increases in productivity and profitability for the Incorporation.

### The Team / Human Resources

Staff morale is good. We ran an employee survey last year, a follow-up to our 2019 employee survey. This showed a significant positive shift in attitudes and perceptions of staff compared to 2019. The results of the survey indicates we are heading in the right direction in terms of leadership and workplace relations.

The Incorporation has also further progressed a performance management system, whereby all staff have a clear understanding of the Incorporation's expectations of them and will be mentored into achieving an agreed development plan by their supervisor.

### Health and Safety

Health and safety is in a good space. During the year, both our forest and farm operational Health and Safety Policies have been reviewed by independent advisors and updated accordingly. We have had WorkSafe audits done on both operations, with satisfactory outcomes recorded by both Forest and Farm. The Committee of Management track Health and Safety reporting on a monthly basis, and it is good to report that we have had no serious incidents involving our staff.

The Incorporation conducts regular random drug and alcohol testing of our workforce and all new employees are subject to a test before entering into employment. Given the wide range of heavy machinery, equipment and vehicles that are in use every day across the business, this is but one part of keeping all our staff safe and protected from potential mishaps.

### Takutai Moana

Work continues on our research and supporting documentation for our Takutai Moana application. We have considered the findings of the High Court in relation to the case settled in Eastern Bay of Plenty and indications coming out of developments in Tauranga. We continue to seek a collaborative approach with Te Runanga Nui o Te Aupōuri and are optimistic that current discussions will bring the two parties and our respective applications together.

### Share Register amalgamation

We have little to report here, sadly – it is still tied up within the Māori Land Court. To recap briefly, at a teleconference call with the Māori Land Court in April 2021, Judge Miharo Armstrong acknowledged the steps that the late Judge David Ambler had set out in 2016 and that due to internal Māori Land Court matters, the application had been stalled for quite some time. All parties agreed on the next steps to be taken by the Māori Land Court, following the detailed sequence that Judge Ambler set down in his 2016 decision.

We have repeatedly asked the Māori Land Court to prioritise our case and have since escalated this to the Ministry of Justice for attention. We await a response to our latest communications and will provide a verbal update at the AGM if any progress is made.

### Research

We are on the fast track with a number of development / research projects. We have received research funding to continue investigations

into converting our forest waste cuttings into biochar. Biochar is wood that is converted by heat in a large “kiln” into a granular carbon product that has various beneficial uses. It can be spread over our pastures to prevent leaching of soil nutrients, potentially reducing fertilizer costs. It can be used as a supplement to cattle feed, with likely positive animal health impacts. There are many other potential uses of biochar, including carbon sequestration benefits. Scientists from AgResearch and Scion will work with us to build the science behind biochar and our operation, including the impact it can have on the farm, our animals and our environment. This research and scientific validation is important to proving the overall business case for investing in biochar.

Parengarenga joined with Ngāti Kuri in successfully applying for a government loan, at advantageous terms, to conduct research into the availability of water on our respective land. We know the Aupōuri aquifer does not extend to our lands, and there is already pressure on that resource. The intent is to identify and design possible reservoir (dam) sites (one each on Parengarenga and Ngāti Kuri land) that could provide irrigation for potential horticulture developments. Should the feasibility study (to be undertaken over the next 12 months) show that a water acquisition project is feasible, we will look to the next step of building the reservoir/dam and associated developments. Work on this analysis has begun and the government loan has been signed.

We have also been successful in accessing funding to investigate horticulture opportunities (arising from the water investigation) from the Ministry for Primary Industries.

### Partner, shareholder and local community contributions

I would like to thank the Committee of Management and our whole team of managers, staff, advisors and business partners who have supported Parengarenga Incorporation throughout the year. I extend those thanks to our shareholders and local community members who have also helped the Incorporation at various times throughout the year. Nei rā te mihi ki a koutou katoa. Tēnā rā koutou.

Over the past year the Incorporation has continued to support our community. We have supplied mutton to numerous organizations for fundraising/sponsorship/hunting & fishing competitions.

We have funded Potahi Marae for the installation of automated blackout blinds for the whareniui. At the time of writing, we have agreed to fund fencing to the front of the marae and to contribute to a technology solution (sound & visual) for the whareniui.

The Incorporation also provided koha towards Nga Tapuwae o Te Māngai, a celebration held by the Te Hapua and Te Kao communities.

Now that the borders are fully open and people are able to mingle freely without restricted numbers, events such as the two fishing competitions held at Great Expedition Bay (which have been postponed for the past 2 years) are now allowed to go ahead. We considered requests for access across our estate for those attending the events and were happy to approve these, with the usual requirements around protecting and minimising risk to our forest and lands.

Te Pua Reserve Campground is now open for the upcoming summer and we are expecting a busy season. Finally, despite the challenges thrown at us all by the Covid pandemic, it was reassuring to see our workers, our whānau and our community pull together to keep one another safe and well during this time.

Heoi anō, I look forward to seeing you at the AGM in Te Kao on Saturday 26 November and to discussing the performance of the past year with you all.

Mauri ora ki a tātou katoa.

Chad Paraone, Chairman





**Solar powered, black out blinds for Potahi Marae, sponsored by Parengarenga Incorporation**





# OUR SHARED VALUES

## WHAKAPONO ME TE TIKA

**HONESTY  
TRUSTWORTHY  
INTEGRITY**

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

**To uphold this, we will:**

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

## KAITIAKITANGA

**STEWARDSHIP  
GUARDIANSHIP**

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

**To uphold this, we will:**

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

## MANAAKITANGA

**RESPECT GENEROSITY  
RECIPROCITY KINDNESS  
AROHA KI TETAHI**

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

**To uphold this, we will:**

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

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

## RANGATIRATANGA

**LEADERSHIP  
TEAM-WORK  
GROWTH**

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

**To uphold this, we will:**

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



# Statistics

## Tatauranga



**4,792**  
Cattle



**10,600**  
Sheep



**7,100**  
Hectares in forest



**120,000**  
Pine trees planted  
(August 2022)



**34**  
Staff



**3,840**  
Shareholders





# Financial Summary

## *Whakarāpopototanga o Ngā Pūtea*

### **Pārengarenga Incorporation**

For the year ended 30 June 2022

The following pages provide a consolidated statement of financial performance for Pārengarenga Incorporation and its subsidiaries for the year ended 30 June 2022.

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

## Company Directory

### **Parengarenga Incorporation**

**For the year ended 30 June 2022**

#### **Nature of Business**

Farming / Leasing / Forestry

#### **Registered Office**

Far North  
Kaitaia

#### **Committee of Management**

Chad Paraone (Chair)  
Huia Cooper (Vice Chair)  
Ngainanga Kapa  
Pereniki Conrad  
Clayton Wiki  
Rihari Wiki  
Joyce Munns

#### **Chartered Accountant**

BDO Northland Limited  
Kerikeri

#### **Bankers**

BNZ Kaitaia

#### **Solicitors**

Law North Partners  
Kerikeri

#### **Independent Auditors**

PKF Francis Aickin Ltd  
Kaitaia



# Approval of Consolidated Financial Report

Parengarenga Incorporation

For the year ended 30 June 2022

The Trustees are pleased to present the approved financial report including the historical financial statements of Parengarenga Incorporation for the year ended 30 June 2022.

## Approved

For and on behalf of the Trustees:

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Chad Paraone - Chairman

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Clayton Wiki - Treasurer

Date: 27 October 2022



# Consolidated Farm Income & Expenses

Parengarenga Incorporation

For the year ended 30 June 2022

	2022	2021
<b>Farm Working Account</b>		
Beef Cattle, Sheep & Wool Gross Profit	3,994,047	3,055,968
Sundry Farm Income	297,574	288,348
<b>Total Farm Working Account</b>	<b>4,291,620</b>	<b>3,344,316</b>
<b>Gross profit</b>	<b>4,291,620</b>	<b>3,344,316</b>
<b>Direct expenses</b>		
Farm Working Expenses	1,274,046	1,005,620
Repairs & Maintenance	350,578	134,836
Vehicle Expenses	215,089	229,995
Staff Expenses	1,299,128	1,177,914
Administration Expenses	71,740	65,930
Standing Charges	276,318	235,229
Non Cash Expenses	235,005	173,784
<b>Total Direct expenses</b>	<b>3,721,903</b>	<b>3,023,308</b>
<b>Net profit (loss) from trading before taxation</b>	<b>569,717</b>	<b>321,008</b>

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



# Consolidated Land, Lease, Forestry & Fishfarm

## Parengarenga Incorporation

For the year ended 30 June 2022

	2022	2021
<b>Trading income</b>		
Funding Income - Takutai Moana	15,596	17,464
Forestry Income	5,184,536	3,638,954
Apiculture - Hives & Honey Revenue	42,000	75,000
Interest Received	900	274
Rent Received	19,689	17,400
COVID-19 Wage Subsidy	18,000	-
Royalties, Licence to Occupy & Access Fees	20,181	36,874
Sundry Income	30,173	35,419
Biochar Income	-	36,888
<b>Total Trading income</b>	<b>5,331,074</b>	<b>3,858,271</b>
<b>Gross profit</b>	<b>5,331,074</b>	<b>3,858,271</b>
<b>Direct expenses</b>		
Forestry Expenses	3,272,610	1,799,306
Apiculture Expenses	-	112,317
Repairs & Maintenance	13,806	4,857
Vehicle Expenses	13,872	292,720
Wages	1,114,889	1,250,283
Trustees Fees	92,837	59,343
Operating & Administration Expenses	247,354	325,450
Standing Charges	103,703	178,447
Audit Fees	20,600	20,010
Interest Expenses	105	41,903
Development Expenses	-	313
Loss on Disposal	-	22,543
Depreciation	385,449	346,485
<b>Exceptional Items</b>		
Impairment of Property, Plant & Equipment	-	-
<b>Total Exceptional Items</b>	<b>-</b>	<b>-</b>
<b>Total Direct expenses</b>	<b>5,265,226</b>	<b>4,453,978</b>
<b>Net profit (loss) from trading before taxation</b>	<b>65,849</b>	<b>(595,706)</b>

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





# Consolidated Statement of Profit or Loss

Parengarenga Incorporation

For the year ended 30 June 2022

	2022	2021
<b>Income</b>		
Total Profit from Farm, Land Lease & Forest	629,710	(274,698)
<b>Total Income</b>	<b>629,710</b>	<b>(274,698)</b>
<b>Gross consolidated income</b>	<b>629,710</b>	<b>(274,698)</b>
<b>Net surplus / (deficit) for the year before taxation</b>	<b>629,710</b>	<b>(274,698)</b>
<b>Net surplus / (deficit) for the year after taxation</b>	<b>629,710</b>	<b>(274,698)</b>

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



# Consolidated Statement of Movements in Equity

Parengarenga Incorporation

For the year ended 30 June 2022

	2022	2021
<b>Equity</b>		
Profit/(loss) for the Period	629,710	(274,698)
Asset Revaluation	1,821,712	1,883,030
Equity at Beginning of Year	65,715,072	64,106,741
Equity at End of Year	68,166,494	65,715,072
made up of:	-	-
Equity Attributable to Owners	68,527,918	66,076,496
Portion Attributable to Minority Interest	(361,424)	(361,424)

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



# Consolidated Balance Sheet

## Parengarenga Incorporation As at 30 June 2022

	NOTES	30 JUN 2022	30 JUN 2021
<b>Assets</b>			
<b>Current assets</b>			
<b>Cash and short-term deposits</b>			
B3 Call		594,257	72,148
A Inc Every Day		25,147	4,666
B3 Every Day		112,549	27,777
<b>Total Cash and short-term deposits</b>		<b>731,952</b>	<b>104,591</b>
GST receivable		45,124	11,350
<b>Accounts Receivable</b>			
Accounts Receivable		533,896	680,244
Accounts Receivable (2015)		24,357	3,333
<b>Total Accounts Receivable</b>		<b>558,253</b>	<b>683,577</b>
Livestock on Hand	5	7,248,884	6,245,586
Prepayments		19,019	122,736
Taxation	20	47,765	47,306
<b>Total Current assets</b>		<b>8,650,998</b>	<b>7,215,146</b>
<b>Non current assets</b>			
Property, plant and equipment	18	26,434,098	26,101,733
<b>Investments</b>			
Shares - Ballance Agri-Nutrients		259,986	259,986
Shares - Farmlands		11,730	11,730
Shares - Silver Fern Farms		50,541	28,640
<b>Total Investments</b>		<b>322,257</b>	<b>300,356</b>
Tree Crop at Valuation - A Inc	9	38,700,000	33,700,000
Livestock on Hand	5	216,440	180,566
Investment Property - Fishfarm	17	1,287,805	1,342,898
Forest Visa		(1,832)	-
Farm Visa		(2,386)	-
Loan to B3C Trust (BNZ Loan)		661,880	-
Staff Advances		800	-
<b>Total Non current assets</b>		<b>67,619,063</b>	<b>61,625,553</b>
<b>Total Assets</b>		<b>76,270,061</b>	<b>68,840,699</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade Accounts Payable		1,156,990	929,417
Current Portion - Term Loan	14	556,320	553,920
<b>Total Current liabilities</b>		<b>1,713,310</b>	<b>1,483,337</b>
<b>Non current liabilities</b>			
Loan - Term Portion	14	4,824,320	841,440

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



## Consolidated Balance Sheet

	NOTES	30 JUN 2022	30 JUN 2021
Te Tumu Paeroa - Share Purchase	16	800,850	800,850
Interest Not Yet Due - John Deere Financial		(1,596)	-
Hire Purchase - John Deere Financial		69,014	-
BNZ 3028 (B3C Trust)		661,880	-
Hire Purchase - John Deere Financial current		33,127	-
Spark Digital - iPhones		2,661	-
<b>Total Non current liabilities</b>		<b>6,390,256</b>	<b>1,642,290</b>
<b>Total Liabilities</b>		<b>8,103,566</b>	<b>3,125,627</b>
<b>Net assets</b>		<b>68,166,494</b>	<b>65,715,072</b>
<b>Equity</b>			
Current Year Earnings		629,710	(274,698)
Retained earnings		17,763,591	18,038,290
Capital Reserves		3,068,130	3,068,130
Asset Revaluations		47,066,487	45,244,775
Portion Attributable to Minority Interest		(361,424)	(361,424)
<b>Total Equity</b>		<b>68,166,494</b>	<b>65,715,072</b>

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





# Notes to the Consolidated Financial Statements

## Parengarenga Incorporation

## For the year ended 30 June 2022

### 1. Statement of Accounting Policies

#### Reporting entity

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

#### Basis of preparation

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

#### Nature of business

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

#### Historical cost

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

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

#### Changes in accounting policies

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

#### Accounts receivable

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

#### Revenue recognition

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

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

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

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



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

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

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

Royalty revenue is recognised on receipt.

### Livestock

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

### Functional currency

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

### Investment Property

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

### Issued Capital

	2022	2021
1,146,766 ordinary shares, fully paid (2021: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2021: 3,261,000)	4,465,716	4,465,716

There are 1,146,766 shares for Parengarenga A Inc and 3,261,000 shares for Parengarenga B3C Trust fully paid at balance date.

Each share conveys the right to a vote.

### Financial Instruments

#### Financial Assets

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

#### Amortised cost

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



## Notes to the Consolidated Financial Statements

### Cost

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

### Fair value

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

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

### Financial Liabilities

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

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

## Property, Plant & Equipment

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

Land and Buildings vested to Parengarenga A Incorporation under the Te Ture Whenua Maori Act 1993 have been revalued to the Government valuation dated 2017 as specifically allowed by the NZICA SPFR standards. The transfer of the land as freehold property is for a total land area of approximately 6,248 hectares, with the date of transfer (with no consideration) being 14 March 1965. Valuations take place with intervals no greater than 5 years.

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

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

Land vested to the Parengarenga B3C Trust under the Te Ture Whenua Maori Act 1993 has been revalued to the government valuation dated 2020. The transfer of the land as freehold property is for a total land area of approximately 9,842 hectares, with the date of transfer (with no consideration) being 16 August 1991. The total land area relating to the B3C freehold farms (included in the above) is 5,805 hectares. The Maori Land Court has approved the portioning out to approximately 257.7 hectares known as Ngatekawa included in the above total.

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

The total pastoral area of Parengarenga B3C Trust is 4,288 hectares, and has a valuation (2020) of \$13,450,000.



### Exceptional items

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

### Goods and services tax

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

### Impairment of non financial assets

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

### Comparative figures

The comparative figures shown are for a twelve month period.

## 2. Investments

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

Shares have been revalued to current market values.

	Quantity	Cost	Year Purchased	Market Value
Balance Agri-Nutrients	32,097	\$193,038	1997-2008	\$259,986
SFF Ltd - Ordinary	33,694	\$47,117	2009-2010	\$50,541
Farmlands	11,730	\$11,730	1997-2010	\$11,730

## 3. MPI Government Grants

In 2022 no MPI Government Grants have been received for Afforestation Manuka Stem Planting. (\$9,359 received in 2021)

## 4. Ownership

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

## 5. Livestock

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





## Notes to the Consolidated Financial Statements

Split is as follows:

Beef Cattle

Current Asset - Beef Cattle	\$5,373,239
Non-Current Asset - Beef Cattle	\$164,216
Total Beef Cattle per Trading Statement	\$5,209,023

Sheep

Current Asset - Sheep	\$2,005,289
Non-Current Asset - Sheep	\$52,224
Total Sheep per Trading Statement	\$2,057,513

## 6. Leases

B3C Trust

The entity leases land being the Te Kao 107 block (40.225ha) from the Maori Trustee. The term of the lease is for five years commencing 1 October 2012. The annual lease charged is considered by the Trustees to be an operating lease. This lease expired 30 September 2017. and was renewed for a further 10 years. This lease expires 30 September 2029.

The entity leases land being the Te Kao 87 (14.3588ha) from Harawira Ereata Ahu Whenua Trust. The term of the lease is for ten years commencing 1 August 2011. The annual lease charge is considered by the Trustees to be an operating lease. This lease expired 1 August 2021 and has not been renewed yet.

The entity leases land being the Te Kao 100, PT 101, 102 blocks (33.6218ha) from W & M Brown. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. This lease expired on 1 August 2021 and was renewed for a further 10 years. This lease expires 1 August 2031.

The entity leases land being the Te Kao 103 block (54.5187ha) from Te Kahuwhero Herepete Whanau Trust. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. This lease expired on 1 August 2021 and was renewed for a further 10 years. This lease expires 1 August 2031.

The entity leases land being the Te Kao 49 & 50 blocks (60.58ha) from Jackie, Priscilla and Kody Wiki. The term of the lease is for eight years commencing 10 August 2015 with a two year right of renewal. The annual charge is considered by the Trustees to be an operating lease. This lease was due to expire 10 August 2023 and was renewed for a further 10 years, so will now expire on 31 March 2033.

The entity leases land being the Te Kao 60, 67 and 68 blocks (56.67ha) from The Estate of Matengaroa Wiki. The term of the lease is for eight years commencing 15 August 2005 with a two year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 15 August 2017 and was now renewed for 10 years. This lease will expire on 15 August 2029.

The entity leases land being the Te Kao 47 and 58 blocks (75.00ha) from Kiri Pako. The term of the lease is for eight years commencing 1 November 2008 with a five year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 1 November 2016, was renewed for a further 5 years (to expire 1 November 2021) and was again renewed for 10 years. This lease will expire on 1 November 2029.

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



lease. This lease was due to expire on 31 March 2022, was renewed for 10 years and will now expire on 31 March 2032.

The entity leases land being the Te Kao 43B, 58A2 and 59 blocks (71.2089ha) from Tregua Subritzky Trust. The term of the lease is for ten years commencing 1 April 2012 with a three year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease was due to expire on 31 March 2022, was renewed for 10 years and will now expire on 31 March 2032.

## Lease disclosures

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

	2022	2021
<b>Leases</b>		
Current	62,925	30,018
Non-current	519,540	-

### Lease disclosures - Lessee

The entity leases the following assets: John Deer Tractor & Loader

Amount financed \$159,412.50; interest rate 0.99% pa; term 48 months; total amount repayable \$162,131.88; monthly repayment \$2,760.56.

### Finance lease

Finance leases which effectively transfer to the company substantially all of the risks and rewards incidental to ownership of the leased item are capitalised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

## 7. Income tax

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

## 8. Forestry expenses

Due to the gradual surrender of the forestry lease from the Crown, Parengarenga A Incorporation is now responsible for the costs of maintaining the forestry. These services have not been contracted out for the 2022 year.

## 9. Tree crop valuation

An independent market value of Parengarenga A forest was undertaken by Forest Services Limited as at 30 June 2021.

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

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

The 2022 tree crop valuation is a full valuation, and replaces the full valuation prepared in 2021.

Movements in value of Forest are:

Year	Value	Movement
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## Notes to the Consolidated Financial Statements

2013	\$4,100,000	Valuation
2017	\$20,859,000	Interim Valuation
2018	\$31,833,000	Valuation
2019	\$32,190,000	Valuation
2021	\$33,700,000	Valuation
2022	\$38,700,000	Valuation

## 10. Contingent assets and liabilities

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

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

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

There are no other known contingent liabilities at balance date.

## 11. Capital expenditure

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

## 12. Subsequent events

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

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

## 13. Impairment of Fishfarm Assets

As the liabilities of Parengarenga Fishfarm Limited exceed its assets, the trustees resolved to recognise an impairment in the 2015 financial year. As the building is a special purpose building in a remote location it would be very difficult to obtain an accurate market value assessment. The trustees performed a valuation exercise as at 30 June 2015 to estimate the value of the assets of Parengarenga Fishfarm Limited. This resulted in recognising an impairment from a cost price less depreciation of \$3,859,921 to an assessed value of \$1,804,416. A further impairment was determined at 30 June 2017 to allow for depreciation for the 2016 and 2017 year. In 2018 another further impairment was determined at 30 June 2018 to allow for depreciation for the 2018 year. In 2019 a further impairment was determined to allow for depreciation for the 2019 year and this was made again for the 2020, 2021 and 2022 year. The assessed value is now \$1,287,805. The Directors of Parengarenga Fishfarm Limited are actively pursuing Equity Partners to utilise the fish farm plant in the future however if a partner cannot be found, the value will require further impairment.

## 14. Secured loans

BNZ CARL Loan -03023 is a secured loan with a balance of \$41,000 at 30 June 2022. There is a repayment due of \$40,000 in July 2022 and a repayment due of \$1,000 in August 2022. The interest rate is 5.52% per annum and maturity date is 28/04/28.

The draw down facility as per bank confirmation is \$400,000 with \$41,000 drawn.

BNZ CARL Loan -03028 is a secured loan with a balance of \$1,139,640 at 30 June 2022. Repayments are \$6,360 per month, interest rate is 5.11% per annum and maturity date is 26/02/2026.



BNZ CARL Loan -03030 is a secured loan with a balance of \$4,200,000 at 30 June 2022. No monthly repayments, interest bearing only loan, interest rate is 5.37% per annum and maturity date is 02/11/2026.

Security on the BNZ loans is by registered stock security, all at Far North Road pastured at land situated at Parengarenga Station.

Perfected Security interest in all present and after acquired property of The Proprietors of Parengarenga A.

## 15. Related parties

There were transactions with Trustees in 2022 year end, which are made on an employee PAYE basis (\$67,501).

## 16. Te Tumu Paeroa share purchase fund

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

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

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

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

At 30 June 2022 there is a balance of \$800,850 outstanding and this amount is recorded as a liability in the consolidated balance sheet.

## 17. Investment Property

Fishfarm Property has been reclassified as Investment Property from Property, Plant & Equipment in the 2022 year.

<b>Fishfarm Buildings &amp; Chattel</b>	<b>Cost \$</b>	<b>Accumulated depreciation and impairment \$</b>	<b>Net book value \$</b>
2022	\$ 5,189,083	\$3,901,278	\$1,287,805

## 18. Property, plant & equipment and depreciation

<b>2022</b>	<b>Cost/Valuation \$</b>	<b>Accumulated depreciation \$</b>	<b>Net book value \$</b>
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - valuation	\$3,170,264	\$847,701	\$2,322,563
Development - valuation	\$2,296,669	\$461,005	\$1,835,664
Office Equipment - cost	\$40,537	\$28,289	\$12,248
Plant & Machinery - cost	\$2,161,060	\$881,043	\$1,280,017
Motor vehicles - cost	\$2,308,992	\$991,603	\$1,317,389



## Notes to the Consolidated Financial Statements

TOTALS	\$29,643,522	\$3,209,641	\$26,433,881
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2021	Cost/Valuation \$	Accumulated depreciation \$	Net book value \$
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - cost	\$3,170,264	\$839,076	\$2,331,188
Development - cost	\$2,246,990	\$419,990	\$1,826,999
Office Equipment - cost	\$36,995	\$24,363	\$12,632
Plant & Machinery - cost	\$1,566,396	\$637,085	\$929,311
Motor vehicles - cost	\$2,046,296	\$879,757	\$1,166,539
TOTALS	\$28,732,941	\$2,800,272	\$25,932,669

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

## 19. Land valuation

Land vested by the Maori Land Court has previously been revalued to Government Valuations. An independent market valuation was undertaken by Zane Lucich, B.Appl.Sc (Rural & Farm Management) Dip. BS (Urban Valuation), Registered Valuer in January 2012. In 2020 the land was revalued to Government Valuations. Revaluations undertaken are as follow:

### A Incorporation

Land Valuation	1974	480,000
Land Valuation	1982	1,244,000
Land Valuation	1992	406,000
Land Valuation	1995	2,130,000
Land Valuation	1998	1,470,000
Land Valuation	2001	290,000
Land Valuation	2004	880,000
Land Valuation	2007	100,000
Land Valuation	2010	(1,400,000)
Land Valuation	2012	(290,000)
Market Valuation at 12 January 2012		\$5,310,000
Land Valuation	2017	(396,500)
Land Valuation	2020	1,302,500
Closing Valuation		6,216,000

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



**B3C Trust**

Land Valuation	1977	320,000
Land Valuation	1982	1,412,000
Land Valuation	1989	(575,000)
Land Valuation	1992	113,000
Land Valuation	1995	1,335,500
Land Valuation	1998	197,000
Land Valuation	2001	(119,000)
Land Valuation	2004	73,500
Land Valuation	2007	352,000
Land Valuation	2010	(507,000)
Land Valuation	2012	<u>13,804,000</u>
Market Valuation at 12 January 2012		16,406,000
Land Valuation	2017	(2,506,000)
Land Valuation	2020	<u>(450,000)</u>
Closing Valuation		13,450,000

**20. Taxation**

As a Maori Authority, tax is charged at 17.5% of the taxable earnings related to the Maori Owners. The details for the year ended 30 June 2022 are as follows:

	2022	2021
<b>Taxation</b>		
<b>Net Surplus / (Deficit)</b>		
Net Surplus / (Deficit)	635,567	(274,698)
<b>Adjusted for</b>		
Less Taharoa Block C Write Off	-	-
Plus Holiday Pay Accrual	36,847	56,171
Less Capital Profit on Sale of Assets	-	-
Plus Parengarenga Fishfarm Expenses	-	124
Plus Gross Dividends	6,037	10,576
Less Net Dividends	(4,347)	(7,615)
Non Ded Parengarenga Fishfarm	55,092	60,475
<b>Total</b>	<b>93,629</b>	<b>119,731</b>
Total	729,196	(154,967)
<b>Deduct:</b>		
26% Maori Trustee Share	(189,591)	40,292
<b>Total</b>	<b>(189,591)</b>	<b>40,292</b>

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



## Notes to the Consolidated Financial Statements

	2022	2021
74% Maori Owned	539,605	(114,675)
<b>Deduct:</b>		
Income Equalisation Payment	-	-
<b>Total</b>	-	-
<b>To Carry Forward:</b>		
Loss to be Carried Forward	1,180,039	1,048,442
<b>Total To Carry Forward:</b>	<b>1,180,039</b>	<b>1,048,442</b>
<b>Taxation at 17.5%</b>		
Taxation at 17.5%	-	-
<b>Total Taxation at 17.5%</b>	-	-
<b>Less:</b>		
Withholding Tax Paid	459	577
Provisional Tax Paid	-	46,730
Provisional Tax Paid Post Balance Date	-	-
Imputation Credits Paid	1,690	2,961
Imputation Credits to carry forward to next year	(1,690)	(2,961)
Taxation Payable / (Refundable)	(459)	(47,307)
Loss to be Carried Forward	640,434	1,180,039

**21. Maori authority credit account**

The balance of the Maori authority credit account as at 2022 is \$1,173,942. (Last Year: \$1,173,483)



## PARENGARENGA INCORPORATION

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

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#### PARENGARENGA A INCORPORATION'S SHARE VALUATION

The Parengarenga A Incorporation valuation includes the net assets of:

- (i) Forestry & Leasing

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2022.

#### Asset Valuation

The method of valuation of fixed assets is as follows:

- (a) Land & Improvements - 2020 government valuations
- (b) Other fixed assets (including plant) - cost less accumulated depreciation
- (c) Tree crop valuation - independent market value undertaken as at 30 June 2022

#### Share Valuation

Parengarenga A Incorporation	\$38,084,945
Total Net Assets	<u>\$38,084,945</u> =====
Number of Shares	3,261,000
Net Assets per Share	\$11.68
VALUE PER SHARE	\$11.68



## PARENGARENGA INCORPORATION

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

## PARENGARENGA B3C TRUST'S SHARE VALUATION

The Parengarenga B3C Trust valuation includes the net assets of:

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

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2022.

### Asset Valuation

The method of valuation of fixed assets is as follows:

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

Livestock has been valued at the 2022 National Average Market Values released by the Inland Revenue.

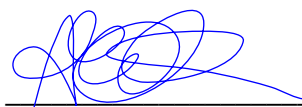
### Share Valuation

Parengarenga B3C Trust	\$30,087,549
Total Net Assets	<u>\$30,087,549</u> =====
Number of Shares	1,146,766
Net Assets per Share	\$26.24
VALUE PER SHARE	\$26.24

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

Yours faithfully

A Edwards BBS C.A.  
Share Valuer

  
Dated \_\_\_\_\_



# Our Strategy

## 2022-2030: 5-year plan

This is high-level view of the strategic initiatives to be carried out Parengarenga Incorporation and its subsidiaries. It is intended to provide a foundation from which the Committee of Management governs, while staff are responsible for identifying and executing operational activities (annual operating plan and 90-day action plans) that will help drive achievement of the Strategic Plan for the Incorporation.

Key Initiatives	Key Deliverables				
	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025	FY 2025/2026
<b>1. Execute the approved farm delivery plan to deliver specified farm outputs.</b>	<ul style="list-style-type: none"> <li>• \$3.7m revenue.</li> <li>• Net profit \$650k.</li> <li>• Develop feed budgeting capability with key staff.</li> <li>• Meet farm KPI targets.</li> <li>• Expose staff to high performance farming systems.</li> </ul>	<ul style="list-style-type: none"> <li>• \$3.9 revenue.</li> <li>• Net profit \$850k.</li> <li>• Meet farm KPI targets.</li> </ul>	<ul style="list-style-type: none"> <li>• \$4.0m revenue.</li> <li>• Net profit \$1m.</li> <li>• Meet farm KPI targets.</li> </ul>	<ul style="list-style-type: none"> <li>• \$4.1m revenue.</li> <li>• Net profit \$1.1m.</li> </ul>	<ul style="list-style-type: none"> <li>• \$4.2m revenue.</li> <li>• Net profit \$1.2m.</li> </ul>
<b>2. Develop and optimize markets, land management and operating models to facilitate the main harvest in 2024 and achieve sustainable, healthy, and productive forests.</b>	<ul style="list-style-type: none"> <li>• \$5.6m revenue.</li> <li>• \$500k operating profit.</li> <li>• Progress acquisition of the Te Kao Forest to completion.</li> <li>• Achieve thinning to waste and production thinning targets.</li> <li>• Develop a training system to upskill new and existing staff.</li> <li>• Develop a cost centre accounting system to manage 3 different activities.</li> <li>• Refresh the farm management plan.</li> </ul>	<ul style="list-style-type: none"> <li>• \$5.6m revenue.</li> <li>• Commence management operations for Te Kao Forest including mechanised thinning to waste.</li> <li>• Achieve thinning to waste and production thinning targets.</li> </ul>	<ul style="list-style-type: none"> <li>• \$7.1 revenue.</li> <li>• Capital spend \$4m on main crop harvesting machinery.</li> <li>• Commence main crop harvesting January 2024.</li> <li>• Achieve thinning to waste and production thinning targets.</li> </ul>	<ul style="list-style-type: none"> <li>• \$9.4 revenue.</li> </ul>	<ul style="list-style-type: none"> <li>• \$9.4 revenue.</li> </ul>
<b>3. Complete an inventory of water resources, secure supply and identify future horticulture and/or cropping opportunities.</b>	<ul style="list-style-type: none"> <li>• MBI funding for water project secured.</li> <li>• Project commences with water and soil stocktake.</li> </ul>	<ul style="list-style-type: none"> <li>• Water Project build scoped.</li> <li>• Resource consent applications lodged.</li> <li>• Funding options scoped.</li> </ul>	<ul style="list-style-type: none"> <li>• Year 1 of water project build, milestones achieved.</li> <li>• Resource consents granted.</li> </ul>	<ul style="list-style-type: none"> <li>• Year 2 of water project build, milestones achieved.</li> </ul>	<ul style="list-style-type: none"> <li>• Year 3 of water project build, milestones achieved.</li> </ul>
<b>4. Align people, processes, and technology to enable effective strategy execution</b>	<ul style="list-style-type: none"> <li>• Formal performance review process for all staff implemented and understood.</li> <li>• Development plan for all staff constructed and in place.</li> <li>• Implement a shared IT solutions platform.</li> </ul>				
<b>5. Instill and enshrine incorporation values in the work environment. Improve communications with shareholders.</b>	<ul style="list-style-type: none"> <li>• Ensure that all staff are aware of PINC values and the behaviors that are expected of them in the workplace.</li> <li>• Ongoing drug and alcohol testing environment for all staff.</li> <li>• Arrange for a Special General Meeting to involve shareholders in the Te Kao Forest acquisition decision.</li> <li>• Produce a regular shareholder's newsletter.</li> </ul>	<ul style="list-style-type: none"> <li>• Entrench PINC values and expected values amongst all staff.</li> <li>• Continue and improve on the shareholder's newsletter.</li> </ul>			





*Cattle enjoying the sun and green pasture.*



*Rising 2-year old bulls in the new yards at Steamers Point.*





**Pārengarenga Incorporation**

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