

TE HUARAHI TIKA  
TRUST

2011

# Pūrongo ā tau

TE HUARAHI TIKA TRUST ANNUAL REPORT

# Tihei Mauriora

E ngā parikārangaranga	To the many of the many tribes
E ngā mana whakaheke	To the descendants of our forebears
E ngā urupā ō rātou mā	To the embodiment of our past
Tēnā koutou.	We acknowledge you
E kui mā, e te whatu korowai	To the weavers of cloaks
E koro mā, e te whatu korero	To the weavers of words
Kua kākahuria ki ō rawa	We are clothed in your legacy
Kua korowaitia ki ō mana	We are cloaked by your prestige
He taura whiri tāngata tātou	We are bound together as a people
Whiringa ā nuku	Joined below
Whiringa ā rangi	Joined on high
Tē whatia e	Never to be broken
Te whatu tāngaengae	A link with our origins
O tuawhakarere.	Of yesteryear
E kore au e ngaro	I cannot be lost
He kākano i ruia mai	For I am a seed sown
I Rangiatea.	At Rangiatea

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# Te Huarahi Tika Trust

## INTRODUCTION

The Te Huarahi Tika Trust was incorporated as a charitable trust in 2000 to enable Māori a right of purchase over the third generation spectrum (3G) radio frequency being auctioned by the Crown that year. The terms of the purchase were negotiated between the Crown and the Trust.

As part of the establishment of Te Huarahi Tika, the Crown provided preferential rights to radio frequency spectrum with a \$5 million cash contribution to assist the Te Huarahi Tika to achieve its purpose and objectives. Subsequently, the Hautaki Trust was established as the entity which would have the exclusive opportunity to purchase management rights over certain radio frequencies and pursue the commercial development of these rights.

Since its establishment, Hautaki Trust has focused on the commercialisation of a third mobile network in New Zealand in partnership with joint venture partners.

Te Huarahi Tika established Hautaki Limited, the trustee of the Te Huarahi Tika Trust's commercial arm, Hautaki Trust. Te Huarahi Tika expects that over time future income streams will flow back from Hautaki in order for Te Huarahi Tika to carry out its purpose and objectives as set out in the trust deed.

## PURPOSES AND OBJECTIVES

The Trust seeks to increase the participation of Māori in the knowledge economy, in particular, the information and telecommunications sectors in Aotearoa New Zealand. The trust deed identifies a range of tikanga to assist in this objective including:

- » promotion of education and training programmes that support Māori particularly in the fields of information and telecommunications technology

- » funding skills development in the information, telecommunications and technology sectors
- » fostering and promoting research and development into information and telecommunications technology
- » establishing scholarships and making grants to Māori communities to give access telecommunications technology, particularly where those communities may be remote or economically disadvantaged
- » promoting and facilitating access to business mentors, conferences, presentations and other learning experiences.

## BEING MĀORI

The physical survival of Māori was threatened following the signing of Te Tiriti o Waitangi in 1840. By the mid 1890s, the Māori population had fallen to 42,000 from the estimated 90,000 in 1840. Disappearance was predicted, however the reverse occurred. The Māori population had multiplied fifteen times to 600,000 as we entered the 21st century. Physical survival is now assured. However, survival as a People is not.

Māori as a people will be surviving when a large and growing number are living according to the kaupapa tuku iho<sup>1</sup> and tikanga<sup>2</sup> that distinguish Māori from all others in the global community. These kaupapa and tikanga refined over centuries by consecutive generations of tipuna Māori have helped to shape the unique Māori worldview. This is what it is to be Māori. Māori commit to initiatives that preserve this worldview and encourage their chances of survival as a people.

1 Values developed by tipuna Māori in the period of time when Māori were isolated from the influence of other peoples

2 Ways of expressing values

In the last 150 years we have seen the emergence of Māori this and Māori that in the form of socio-political bodies, Māori religious bodies, Māori educational institutions, Māori sports bodies across many codes, Māori regional and national cultural festivals, Māori broadcasting organisations and so on.

Te Huarahi Tika Trust and similar rōpū Māori are further examples of Māori determination to incorporate their worldview into their pursuits and thereby maximise their contribution to the survival of Māori as a People.

This past year we have spent some time thinking about how we pay attention to being Māori and how that assists us to produce outcomes for our beneficiaries who are the Māori population in New Zealand. We have begun to work with a framework of ten kaupapa tuku iho that Te Wānanga o Raukawa has been working with formally in the last twenty years. These kaupapa continue to shape Māori thinking today.

As part of shaping our arrangements for the future, the Trustees will need to consider how to apply the framework in such a way as to maximise our contribution to the survival of Māori as a people. Some preliminary work has been started. One challenge will be how Hautaki with its responsibility to fund the operational and governance activities of Te Huarahi Tika will do so within a kaupapa constraint.

## **STRATEGIC INVESTMENTS**

We acknowledge the decision of the foundation trustees to invest the majority of Te Huarahi Tika's cash assets into Hautaki Trust to achieve sustainable growth of the asset base through a medium to long-term investment strategy. The trustees have determined that regardless of the timing of any cash return on their investment, Te Huarahi Tika must now build on its experience and networks to ensure that Māori are strong participants in the knowledge economy, in particular, the information and telecommunications sectors in New Zealand.

Three key goals for the Trust are, to:

- » develop capacity within Māori to successfully participate in the knowledge economy and in particular in the information and telecommunications technology sectors.
  - » assist Māori to have access to and the skills to use modern communications platforms, global information systems and telecommunication sector investment opportunities, no matter where they choose to live and work in New Zealand.
  - » provide an investment stake for Māori in the telecommunications sector.
-

# TE HUARAHI TIKA TRUST Co-Chair's Report

*Tēnā koe.*

*Me mātua mihi ki a rātou katoa kua hirere ke rātou ki te po. Haere e ngā mate. E kore ēnei mana ō wheinga e warewaretia. Kāti te taha ki a rātou. E te pito ora, he mihi oha, he mihi ā ngakau tēnei naku.*

*Tēnā koutou e ngā maunga whakahi, e ngā rangatira ō te ao Māori. Ko te iwi Māori tērā, ko Te Pūtahi Pāho anō hoki hei reo mōna. Tērā te arahi mai ai i a tātou i tēnei ara nui.*

*Tēnā koutou e ngā hoa huarahi, e ngā hoa hautaki, e ngā kai hāpai i te kaupapa. Kua maunu te waka, kua papā te kakau hoe ki te hīpapa, ka hoea, ka hoea, ka haere nei tātou. Rere ki uta rere ki tai, kia kaha, kia ita, kia ū. Tēnei te hau ō mihi.*

It is with much pleasure that we tender our joint report for the year. As we prepared the note we were reminded what a busy time it has been for the Trust. It has been a milestone year and it feels like we are about to launch into a new era for Māori in telecommunications.

## **SPECTRUM**

There is no more important activity for us to be engaged in than the assertion of the tino rangatiratanga of our people.

One way this translates for the Trust is to support those who advocate for the recognition of spectrum as a taonga including but not limited to those currently involved in the WAI 2224 claim. The Trustees have sought to develop whanaungatanga and kotahitanga with the claimants, the Crown and with others in the industry developing submissions and cabinet papers to support the claim.

The proposed amendments to the Telecommunications Act saw the Trust make presentations to the Select Committee calling for more attention to be paid to the interests of Māori. More recently, the call for submissions on the allocation of 700MHz

spectrum evoked another round of discussions and a submission where the Trust called for 33% of the spectrum to be allocated (at no cost) to Māori for management by Māori. Final points in our submission were that there needs to be more attention paid to how new towers are introduced to our environment and finally, that we did not support the practice of auctioning spectrum rights.

## **MĀORI INVESTMENT IN INDUSTRY**

We acknowledge the contributions of Māori pioneers to the industry, Tuaropaki; members of the Māori Digital Forum; the Māori ITT Forum; and others including those involved in Māori broadcasting.

This year we celebrate the entrance of whānau, hapū and iwi who saw the advantages of connecting their communities through fibre optic networks and who have now invested in significant infrastructure around Aotearoa.

We acknowledge Taitokerau Networks Limited, a partnership of three iwi building a network to connect isolated communities in and around Taitokerau; Te Wānanga o Raukawa with a community network on the Kāpiti Coast providing enhanced capacity in delivering educational outcomes to our people and Totoro Waea Limited Partnership a group of Whānau investors along with local and national bodies representing Māori interests who have recently purchased a controlling interest in Smartlinx3, a community network that services the Hutt Valley, Wellington and Porirua.

## 2 DEGREES MOBILE

In the two years that 2Degrees has existed in the New Zealand market, it has made a significant impact. The benefits to the nation's economy have been reported<sup>3</sup> to include:

- » the creation of 574 new jobs
- » direct expenditures of \$580 million
- » consumer savings of \$1.36 billion
- » multiplier effect of 2Degrees in the economy, has generated an additional \$233 million to 2010 and will generate \$2.1B between 2011 and 2021<sup>4</sup>.

The report cites 'the value to December 2010 of the direct and indirect benefits to the NZ economy from increased competition in the mobile market, driven by Two Degrees Mobile Limited amounts to \$2.24 billion.' This goes some way to answering those who have criticised the investment by Hautaki into a new mobile company. That Māori are also benefiting from 2Degrees economically can be expected, the Trust has also looked at the outcomes reported from a kaupapa perspective:

- » in the building of a new network, employing New Zealand workers and supporting local businesses, we see the influences and opportunities that are inherent in Rangatiratanga
- » direct investment of both capital and reinvested revenues, practices of good stewardship as expressed in Kaitiakitanga
- » indirect investment through the support of NZ businesses and the wider economy: 2Degrees has driven a further \$298 million of investment to date, this could be viewed as an expression of Ūkaipōtanga
- » competition dividends representing the savings delivered to all New Zealand mobile consumers through lower mobile voice pricing as a result of competition \$1.36billion, representing a saving of 21%, this is the enrichment of Manaakitanga

» 2 Degrees payroll of \$42.8M to its employees can be expressed as Kotahitanga

» contributions to the national purse through payments to government of \$62.9M can be viewed as behaviours of Rangatiratanga

These contributions to the nation are significant, the expressions of kaupapa inherent in these activities are meaningful. We are grateful for the foresight and determination of the Hautaki directors in the conceptualisation and establishment of the third mobile company, and the only mobile cellular company that Māori have a significant ownership interest in. We congratulate Eric Hertz and his team for their hard work and recognise their innovation and creativity over the past twelve months.

## GOVERNANCE ARRANGEMENTS

In the last year we have seen Derek Wooster and James Johnston move onto other interests. In past months, a sub-committee has been engaged in a review of our governance arrangements. This work has been supported by Te Puni Kōkiri who provided assistance for the development of a succession plan and a kaupapa based board performance process.

This review has identified that of the seven trustees currently supporting the Trust's operations, five will be retired in January 2012. In an effort to ensure that suitable replacements are recruited by the electoral college, the sub-committee engaged in planning sessions to identify what expertise is required to enable the Trust to increase Māori participation in ITC and its other objectives. The Electoral College has begun activities to recruit new trustees. There will be implications for the Hautaki Board also.

A process of identifying kaupapa based targets that the Board would seek to advance led to the development of a kaupapa and tikanga framework that individual trustees and the Board as a collective can use to measure its performance in terms of achieving the objectives of the Trust.

3 Venture Consulting, 'Economic Study of the Benefits to the New Zealand Economy of New Competition in the New Zealand Mobile Market' September 2011

4 *ibid*, p16

The three step process is driven by a desire to express kaupapa in all Te Huarahi Tika activities.

The three steps followed were:

1. Progress Indicators that identify goals of the Te Huarahi Tika Trust were developed,
2. Statements of wellbeing were explored that describe how the Board would be measured as a group,
3. Individual tikanga were developed that would assist trustees to make their own contributions.

The final step will be to ensure that we can measure our performance based on how many of the indicators we have progressed as a percentage.

#### LOOKING AHEAD

As we view the telecommunications landscape we can see that there are opportunities for Māori that we need to explore further. Drawing on the kaupapa and tikanga framework we will be able to design suitable tikanga to maximise our contributions to the wellbeing and survival of Māori as a people through our activities in the telecommunications sector.

The Trust has deliberated upon a Rautaki Māori by which to underscore the authenticity and mana of all that we do. The sheer challenge of our endeavours and the scope of the vision lead us into uncharted territory. Commercial success must come from a basis of cultural integrity. Our Rautaki serves as a template to guide our actions and our decisions. We derive creative inspiration from our culture. So too, do we discover means to enhance the necessary collaboration between our partners.

The Trust needs to continue to build its capacity and to position itself to be a relevant and meaningful vehicle for Māori as we move forward. The strategic and succession planning we have completed this year will assist in this area.

A challenge that we continue to face is the lack of financial returns on our loan to Hautaki and subsequent interest in 2Degrees mobile. This places considerable burden on the trustees who are self funded due to reduced resources. Those on the Hautaki Board have been advised that an annual dividend to cover the costs of the Trust and trustees must be established.

The work of the Hautaki Directors has been tireless, their work with 2Degrees, our hardware partners Huawei and others has led to technological advances that include the recent release of a new Te Reo cellular phone and the upcoming release of the first Android operated Te Reo smartphone. The development of a retail partnership pilot that has seen the recent launch of a 2Degrees retail outlet with Māori in Porirua is most satisfying and leads us to hope that there will be many more opportunities for Māori in this sector.

We would like to take this opportunity to acknowledge the retirement of Brian Leighs, Hautaki Chair. We are grateful for the years of service to the Trust and wish him well in his future endeavours

We also acknowledge the Electoral College, in particular the chair Piripi Walker whose guidance had been crucial this year as we began making our plans for the next 12-24 months. As they make preparations to recruit new trustees, our future rests in their selections.

He hokinga kōrero nāku ki tēnei o ngā tohutohu o whakapata: Whāia te pae tawhiti kia tata; whāia te pae tata kia mau, kia tina. Mā te wāhi ngaro tātou hei poipoi, hei tiaki mai.

Nāku noa,



nā  
**MAVIS MULLINS**



nā  
**DAPHNE LUKE**

## POSTSCRIPT

As we said earlier, it has been a hectic first year and I am grateful that Mavis has remained close as my co-chair, providing guidance, support and leadership as we sought to give expression to the purposes outlined in our Trust Deed in a range of activities. I'd like to also mention the tireless efforts of trustee, Antony Royal. We would not have accomplished as much this year had it not been for Antony's energy and commitment.

I would like to take this opportunity to personally acknowledge the five trustees who will be retiring in January 2012. It is notable that these five are included in the 14 founding trustees who originally established the Trust in December 2000.

Upcoming retirements include:

- » Jacqui Te Kani
- » Tainui Stephens
- » Mavis Mullins (also a Hautaki Director)
- » Sir Graham Latimer
- » Neville Baker (also a Hautaki Director)

The words of Bishop Manuhua Bennett come to mind as we think about the accomplishments and efforts of these five on behalf of the Māori nation. Their contributions are substantial and we, as a people are grateful.

When you look over this group it is obvious that the Electoral College with its wide ranging membership of national Māori bodies, has a difficult task ahead of it. Recruiting and appointing replacements will not be a simple task, but it is important that it is done well to ensure that the mandate of our people rests with those who are skilled, connected, energetic and committed to the objectives of Te Huarahi Tika. We appreciate the time and effort that will go into this mahi over the coming months.

Finally, I must take a moment, to recognise the time and significant contribution of Mavis on the Trust as trustee and as Chair since 2001. While we hear people left, right and centre throwing around the word Rangatira, I can say that in Mavis, I have seen the true embodiment of the Bishop Bennett's description of the behaviours of a Rangatira as...

*“Te kai a te Rangatira he korero –  
The food of a chief is discussion and debate*

*Te tohu o te Rangatira he manaaki –  
The sign of a chief is generosity*

*Te mahi a te Rangatira he whakatira i te iwi –  
The work of a chief is to bind people together”*

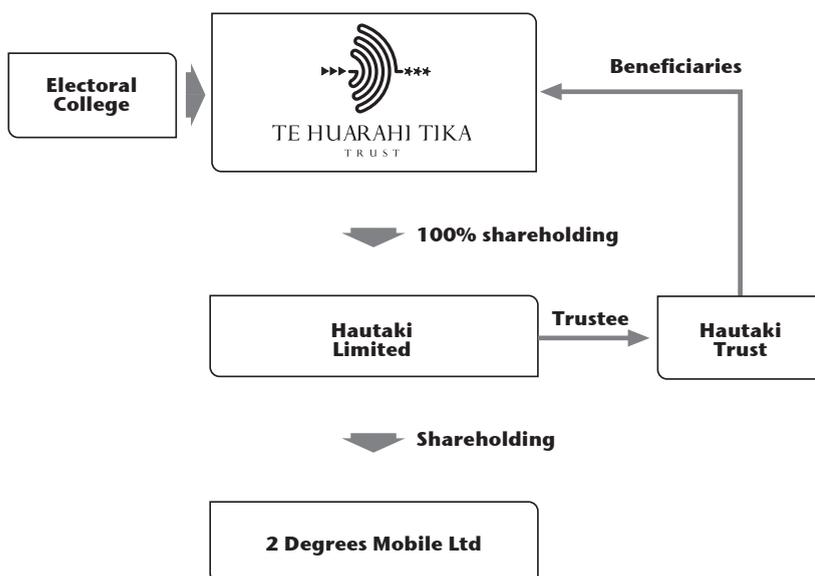
The quality of thought that underpins Mavis' korero has provided us safety as we negotiated our way around some difficult discussions this year. The generosity and respect that she extends to others and the regard with which she is held are signs that her manaakitanga is recognised by those she engages with. Mavis has always been willing to work with all people who have a contribution to make in advancing Māori interests, those individuals and groups are often dynamic and diverse. I would like to acknowledge her ability to foster and nurture these relationships, no matter how taxing the conversations may be.

*Nāu e te hoa Te Huarahi Tika i whakamārama mai hei hīkoi atu mā tātou. Nāu i tutuki ai ngā wawata kua roa kē e wawatatia nei. I mīharo anō ai mātou i to kaha me tō manawatīti. Mā ngā reanga whai mai i a tātou ngā hua o āu mahi rangatira, engari waiho mā mātou tonu te mihi atu ai. Tēnā rawa atu koe.*



nā Daphne Luke  
for **TE HUARAHI TIKI TRUST**

# Te Huarahi Tika Trust Structure



# Our Trustees



**Mavis Mullins**  
*Rangitāne ki Tamaki-nui-a-Rua,*  
*Te Atihaunui-ā-Paparangi*

Dannervirke-based Mavis Mullin's personal and professional interest focus strongly on the areas of economic development and governance, particularly for Māori. She has extensive interests in agribusiness and holds a Masters in Business Administration from Massey University. She is a director of Paewai Mullins Systems.

Current directorships and appointments include:

- Ngā Whenua Rahui
- Aohanga Incorporation
- Atihau Whanganui Incorporation
- Poutama Māori Business Trust
- Wairarapa District Health Board.

She has been the Chairperson of the Te Huarahi Tika Trust since 2001 and will retire in January 2012. She is currently a director of Hautaki Limited.



**Daphne Luke**  
*Ngāti Kahungunu, Rongomaiwahine*

As the managing director of Te Arahanga o Ngā Iwi, the Kāpiti and Horowhenua Māori economic development agency, Daphne works with iwi, community and government agencies to advance the interests of Māori. In this role she is an executive member for Business Kapiti Horowhenua and Te Rōpū Pakihi, the local Māori business network. Daphne is also a kaiāwhina for Te Wānanga o Raukawa.

Whilst a member of the Māori Economic Taskforce, Chairing the SME portfolio, Daphne was able to plan and establish Kōtuitui Inc, the national association of Māori business networks.

During her tenure with the Taskforce, Daphne and fellow trustee Antony Royal were part of the Rural Broadband Working Group formed by Min. Sharples to explore how the RBI can provide outcomes for Māori communities nationally. This activity led to her appointment to Ngā Pū Waea a national Māori advisory board that is tasked with producing outcomes for Māori from both the RBI and the Ultra Fast Broadband roll outs over the next 6-8 years.

Daphne's interest in information and telecommunication technology also extends to her interests in Tōtoro Waea Limited Partnership and as chair of Raukawa iwi radio station, ReoFM 88.7.



**Sir Graham Latimer**  
*Te Tai Tokerau*

Sir Graham is widely regarded as one of the elder statesmen of the Māori renaissance. He led the New Zealand Māori Council in its most controversial period – the 1980s – when it took on the Labour Government over the sale of the state-owned assets and won. This led to the establishment of the Crown Forestry Rental Trust (CFRT) and other landmark decision including the granting of Māori spectrum to Te Huarahi Tika Trust.

Sir Graham Latimer is currently the Chairman of the Crown Forestry Rental Trust and successive government for the last 30 years have called upon his counsel on Māori issues. Sir Graham will retire from Te Huarahi Tika in January 2012.



**Jacqui Te Kani, CNZM**

Jacqui is the past President and current General Manager of the Māori Women's Welfare League and a trustee for the Māori Women's Development Incorporated. She also has wide experience in community and Māori economic development.

Jacqui has comprehensive expertise in a governance context with extensive experience in government and Māori organisations. And holds many advisory roles on a number of Boards and government departments when called upon. Jacqui will retire from Te Huarahi Tika in January 2012.



**Tainui Stephens**  
*Te Rarawa*

Tainui Stephens is an independent television and film producer, director, executive producer, and writer. Some of his work has included 'Koha', 'Waka Huia', 'Marae', 'Māori Battalion March to Victory', 'When the Haka Became Boogie', 'The New Zealand Wars', 'Mai Time', 'He Whare Kōrero', 'ANZAC Day: Nā rātou, mō tātou', 'Let My Whakapapa Speak' and 'Taonga TV'. In film he was a producer for the Vincent Ward features 'River Queen' and 'Rain of the Children.'

Tainui's current projects include: a documentary series 'Taumata 3001AD'; the iconic game show 'It's In The Bag'; a documentary with Dame Anne Salmond 'The Scotsman And The Maori'; and a short film 'The Lawnmower Men Of Kapu'. He is the Kaitiaki to the television funding agency New Zealand On Air. Tainui sits on a variety of Boards and Trusts and is a lecturer, writer and commentator on social and cultural issues. Tainui will retire from Te Huarahi Tika in January 2012.



**Antony Turoa Royal**  
*Ngāti Raukawa, Ngāti Tamaterā, Ngāpuhi*

Antony has held senior management consulting and project management positions within the ICT sector since the early 1990's. He holds an Engineering Degree (electrical and electronic), specialises in telecommunications and information systems and has worked in Central Government, Health and Banking sectors. For several years he worked for the Dairy Board (Fonterra) as the Regional IS manager and Global infrastructure Manager.

Antony has been a kaiāwhina (tutor) with Te Wānanga o Raukawa since 1989, and is involved with their advances in the ICT sector including the establishment of a fibre network in Otaki.

Other positions include, director of Hautaki Ltd, director of Smartlinx3 Ltd, board member of TUANZ, Chair of Ngā Pu Waea (National Māori Broadband Working Group) and a member of the National RBI Advisory Group.



**Neville Baker**  
*Te Atiawa*

Wellington-based Neville Baker has spent much of his career in the public service, working for Māori advancement as well as working extensively for hapū, iwi and Māori groups in the community.

He held the position of Deputy Secretary of Māori Affairs from 1985 to 1987 and Māori trustee from 1987 to 1990. He holds a number of current governance positions including:

- Board member, Te Wānanga o Aotearoa
- Board member, Open Polytechnic of New Zealand
- Chair, Te Atiawa Nui Tonu
- Trustee, Taranaki Whānau
- Member, Social Workers Registration Board
- Director, Hautaki Limited.

He has been an advisor for the Justice Department and Housing New Zealand. He was a member for the Māori Tourism Taskforce, a director for the Māori Development Corporation and a former trustee for the Poutama Māori Business Trust. He has also been the Acting Director for the Waitangi Tribunal and the Māori Land Court in Whangarei. Neville will retire from Te Huarahi Tika in January 2012.

# Hautaki Chair's Report

Our focus has been on ensuring that the long term objectives of the Trust are met. This has been a staged approach. We needed to ensure our allocation of spectrum could be used to advantage Māori and New Zealand alike. Therefore, a business plan and conditions for investment had to be a priority. This would enable a new network to evolve, then allow real competition to occur and Māori to be a key driver of value creation in the telecommunication sector.

It took eight years to get 2Degrees off the ground. It was a long grinding haul. The journey was made more challenging by the determination of incumbents to resist competition, the need for officials to build their knowledge base around international telecommunications markets and, finally, for the introduction of market settings that gave investment partners the certainty to make competition a reality.

Until the business was on a sound footing it was not advantageous to seek other ways to get Māori engaged in the telecommunications sector through this route.

All that has changed this year.

2Degrees has grown its footprint and customer base, achieving tangible progress on particular Māori initiatives:

- » 2Degrees has embraced the Māori dimension, as customers, as partners, as a culture.
- » 2Degrees has launched the first phone with a Te Rēo menu.
- » A new Māori business model for a distributor is under pilot. A venture between 2Degrees, Te Rauparaha Arena, Atiawa Toa Fm and Hautaki.
- » The first major scholarship and ICT skills programme linking Māori directly to the telecommunications sector will be launched at our AGM.

- » The first Android device with Te Reo menu is under construction and will be delivered within the month.
- » Other initiatives to use telecommunications technology to improve the learning environment especially for Māori are under development.

So when we look back on this year we will see it as one of immense progress for Māori involvement in the telecommunications sector. This has been made possible by grinding out a place in this sector over ten years.

An economic report recently issued by Venture Consulting demonstrates that starting with a very small \$5 million government seed grant to establish Te Huarahi Tika Trust and an agreement to sell 3G spectrum to Māori (through Hautaki) ten years ago, the nation has now received economic benefits totalling \$2.24 billion. This is a truly outstanding return.

Hautaki and its other Māori investors continue to hold an interest of 10.5% in 2Degrees Mobile, which acquired 580,000 customers in just 19 months of operation.

We must not think that because we have made such great progress, the job is done. It is not. On the contrary there is still much to do.

The battle for allocation of spectrum to Māori continues. If Hautaki is not allocated further spectrum access then hard won ground will be lost, not just for Māori but for mobile competition in New Zealand.

In conclusion, I would like to record my appreciation for the outstanding work and time my fellow directors have devoted to achieving a very successful year.

Brian Leighs  
**CHAIR › HAUTAKI LTD**

# Hautaki Directors



## Brian Leighs

Brian Leighs has been on Hautaki Limited since its inception in December 2001.

Brian Leighs is an independent business consultant and a director of a number of companies. He is a chartered accountant and has held senior management roles in the telecommunications, energy and information technology sectors.

From 1995 to 1998 he was a key member of the Victorian Government energy reform team, project managing the privatisation of electricity generation and distribution businesses and acting as establishment CEO of state-owned gas distribution and retail businesses during their transition to a competitive market and ultimately to privatisation.

In 1999 he was responsible for the establishment of Genesis Power and the preparation of viability and environmental reports to government that preceded the formal split of ECNZ.

More recently he has been consulting to the electricity and venture capital markets and serves on the boards of Energy Intellect Limited, Hautaki Limited and 2Degrees Mobile Ltd.

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The following directors of Hautaki Limited are also current trustees of Te Huarahi Tika Trust. See page 10 and 11 of this Annual Report for their profiles.

- » **Mavis Mullins**
- » **Neville Baker**
- » **Antony Royal**



## Bill Osborne

### *Te Atihaunui ā-Paparangi*

Bill Osborne has been involved with the trusteeship and commercial development of Māori spectrum rights since the establishment of Te Huarahi Tika Trust. He was the inaugural chairperson (2000-2001) before stepping down to take on the chairperson's role of Hautaki (2001-2007). He has been past chairman and current director for 2Degrees Mobile Ltd

Perhaps best known as a former All Black centre (1975-1982), he is also a highly respected business leader with a passion for and understanding of the IT sector, the corporate world and Māori economic development.

Since 1998 he has been the Chief Executive of Quotable Value New Zealand. He has held several senior roles in NZ Post including Group International Manager and the CEO's position from 1994 to 1997.

He holds a Masters in Business Administration with Distinction from Waikato University, has studied Strategic Leadership at Oxford University and Advanced Management at the University of Manoa (Hawaii). He is a member of the Institute of Directors and is a qualified Director and Company Chair.

He has served on several boards including Sports and Recreation New Zealand (SPARC), the Hillary Commission, the New Zealand Māori Rugby Board, the Positively Wellington Business Board and Project K (a national trust supporting the development of youth). He is also the Managing Director of Rangatira Consulting, Managing Director of Egan Australasia (Pty) limited (an Australian based property valuation company), Managing Director of Darroch Limited (a NZ based commercial and industrial valuation company).

Te Huarahi Tika Trust and Group

# Financial Report

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## Te Huarahi Tika Trust and Group

### Trustees' Report

For the year ended 31 March 2011

The Trustees present the Financial Statements for the year ended 31 March 2011.

#### Principal activities

The Trust is a Charitable Trust. The Trust has been established with a view to increase Maori participation in the information and telecommunication sector in New Zealand, through promotion of educational and training opportunities, scholarships and grants.

#### Accounting policies

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

#### Trustees

##### *Remuneration of Trustees*

The following people held office as Trustee for Te Huarahi Tika Trust during the year and received the following remuneration during the year:

<i>Name</i>	<i>Remuneration \$</i>		<i>Current Trustee or date resigned</i>
	<i>2011</i>	<i>2010</i>	
Mavis Mullins (Co-Chair)	8,100	8,100	Current
Daphne Luke (Co-Chair)	5,400	-	Current
Neville Baker	5,400	5,400	Current
Sir Graham Latimer	-	-	Current
Tainui Stephens	5,400	5,400	Current
Jacqui Te Kani	5,400	5,400	Current
Derek Wooster	2,250	5,400	Resigned (20 August 2010)
Tina Wilson	2,250	5,400	Resigned (20 August 2010)
Antony Royal	5,400	5,400	Current
James Johnston	2,700	-	Resigned (20 September 2010)
	<u>\$42,300</u>	<u>\$40,500</u>	

## Te Huarahi Tika Trust and Group

## Trustees' Report

For the year ended 31 March 2011

## Electoral College

*Appointments*

An Electoral College in accordance with the Trust Deed appoints the Trustees.

*Remuneration of Electoral College members*

The following people were members of the Electoral College during the year and received the following remuneration during the year:

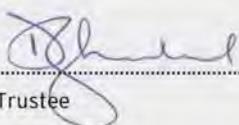
Name	Remuneration \$		Current Trustee or date resigned
	2011	2010	
<i>Te Taihū o Nga Wananga</i>			
Piripi Walker, Chair	-	500	Current
<i>New Zealand Maori Council</i>			
Jim Nicholls	-	500	Current
<i>Te Kohanga Reo National Trust</i>			
Dame Iritana Tawhiwhirangi	-	500	Current
<i>Te Runanganui o Nga Kura Kaupapa Maori</i>			
Rawiri Wright	-	500	Resigned (25 July 2009)
<i>Te Runanganui o Nga Kura Kaupapa Maori</i>			
Hone Mutu	-	-	Current
<i>Maori Women's Welfare League</i>			
Meagan Joe	-	500	Current
<i>New Zealand Maori Congress</i>			
Tuwahakairiora Williams	-	500	Current
	\$ -	\$3,000	

During the year, no remuneration was paid to members of the Electoral College as no meetings were required to be held.

## Auditors

Audit fees payable to auditors BDO Wellington for the year were \$3,000 for the Trust and \$8,500 for the Group.

For and on behalf of the Board:

  
 .....  
 Trustee

  
 .....  
 Trustee

20 Oct 2011  
 .....  
 Date

## Te Huarahi Tika Trust and Group

## Statement of Financial Performance

For the year ended 31 March 2011



	Note	Group		Trust	
		2011	2010	2011	2010
Total operating revenue	2	\$ 78,724	\$ 5,742	\$ 24,818	\$ 2,856
Operating surplus/(deficit) before income tax	3	( 272,214 )	( 461,189 )	( 60,099 )	( 145,123 )
Income tax		-	-	-	-
Operating surplus/(deficit) after income tax		( 272,214 )	( 461,189 )	( 60,099 )	( 145,123 )
Net surplus/(deficit) for the year		\$ ( 272,214 )	\$ ( 461,189 )	\$ ( 60,099 )	\$ ( 145,123 )

## Statement of Movements in Trust Capital

For the year ended 31 March 2011

	Group		Trust	
	2011	2010	2011	2010
Net surplus/(deficit) for the year	( 272,214 )	( 461,189 )	( 60,099 )	( 145,123 )
Total recognised revenues and expenses	( 272,214 )	( 461,189 )	( 60,099 )	( 145,123 )
Movements in trust capital for the year	( 272,214 )	( 461,189 )	( 60,099 )	( 145,123 )
Trust capital at beginning of year	9,057,878	9,519,067	6,846,214	6,991,337
Trust capital at end of year	\$ 8,785,664	\$ 9,057,878	\$ 6,786,115	\$ 6,846,214

## Te Huarahi Tika Trust and Group

## Statement of Financial Position

As at 31 March 2011



	Note	Group		Trust	
		2011	2010	2011	2010
<b>Current assets</b>					
Cash at bank	5	102,830	237,390	20,781	3,056
Interest receivable		-	747	-	-
Accounts receivable		66,648	1,988	-	1,718
Inter-entity account		-	-	-	11,684
GST receivable		-	-	1,905	8,740
Two Degrees Mobile Limited	6	3,166,667	3,166,667	-	-
Taxation refund		1,845	1,644	-	-
<b>Total current assets</b>		<b>3,337,990</b>	<b>3,408,436</b>	<b>22,686</b>	<b>25,198</b>
<b>Non-current assets</b>					
Related parties loan	7 & 8	-	-	6,831,078	6,831,078
Investments	9	11,473,650	8,869,571	-	-
Two Degrees Mobile Limited	6	3,166,667	6,333,334	-	-
<b>Total non-current assets</b>		<b>14,640,317</b>	<b>15,202,905</b>	<b>6,831,078</b>	<b>6,831,078</b>
<b>Total assets</b>		<b>\$ 17,978,307</b>	<b>\$ 18,611,341</b>	<b>\$ 6,853,764</b>	<b>\$ 6,856,276</b>

## Te Huarahi Tika Trust and Group

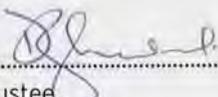
## Statement of Financial Position (continued)

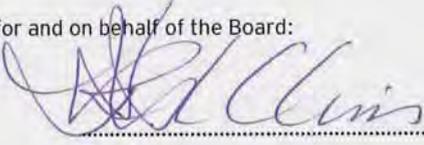
As at 31 March 2011



	Note	Group		Trust	
		2011	2010	2011	2010
<b>Current liabilities</b>					
Trade creditors	10	141,570	49,516	67,649	10,062
GST payable		13,868	3,946	-	-
Ministry of Economic Development	6	3,166,667	3,166,667	-	-
<b>Total current liabilities</b>		<b>3,322,105</b>	<b>3,220,129</b>	<b>67,649</b>	<b>10,062</b>
<b>Non-current liabilities</b>					
Interest payable		73,486	-	-	-
Trilogy International New Zealand LLC	11	2,630,385	-	-	-
Ministry of Economic Development	6	3,166,667	6,333,334	-	-
<b>Total non-current liabilities</b>		<b>5,870,538</b>	<b>6,333,334</b>	<b>-</b>	<b>-</b>
<b>Trust capital</b>	4	<b>\$ 8,785,664</b>	<b>\$ 9,057,878</b>	<b>\$ 6,786,115</b>	<b>\$ 6,846,214</b>
<b>Total capital and liabilities</b>		<b>\$ 17,978,307</b>	<b>\$ 18,611,341</b>	<b>\$ 6,853,764</b>	<b>\$ 6,856,276</b>

These financial statements were approved for issue for and on behalf of the Board:

  
 .....  
 Trustee

  
 .....  
 Trustee

20/10/2011  
 .....  
 Date

**Te Huarahi Tika Trust and Group****Notes to the Financial Statements****For the year ended 31 March 2011****1. Statement of accounting policies****Reporting entity**

The reporting entity is Te Huarahi Tika Trust. These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and under the requirements of the Trust Deed and the Charitable Trusts Act 1957. The Trust is registered under the Charities Act 2005.

The Trust qualifies for differential reporting based on the following criteria:

- It is not publicly accountable, and
- The Trust is not large as defined in the framework for differential reporting by the New Zealand Institute of Chartered Accountants.

The Trust has adopted all available differential reporting exemptions.

**New Zealand equivalents to International Financial Reporting Standards**

The Trust has chosen to delay the adoption of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

In December 2002, the New Zealand Government announced that NZ IFRS would apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. In September 2007, the Accounting Standards Review Board announced that small to medium-sized businesses which satisfy certain criteria, would not be required to apply NZ IFRS until further notice. The Trust and Group satisfies that criteria.

**Measurement base**

The financial statements comply with the specific accounting policies stated below. The measurement base applied is historical cost.

The accrual basis of accounting has been used throughout the financial statements.

**Specific accounting policies**

The following specific accounting policies have been applied in the preparation of the financial statements:

**a) Accounts receivable**

Accounts receivable have been valued at estimated realisable value.

Te Huarahi Tika Trust and Group  
Notes to the Financial Statements  
For the year ended 31 March 2011



1. Statement of accounting policies (continued)

Specific accounting policies (continued)

b) Components of cash

Cash includes current accounts and short term investments with trading banks.

c) Goods and services tax

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items on the Statement of Financial Position are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

d) Income tax

The Trust has been established as a Charitable Trust for tax purposes and is exempt from income tax on business income derived for charitable purposes in accordance with sections CW41 and CW42 of the Income Tax Act 2007. The Hautaki Trust is subject to income tax.

e) Investments

Value at Trustee valuation is based on net assets as at 31 December 2009 plus subsequent purchases of shares at cost.

f) Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure on the creation of a fixed asset, and any expenditure which results in a significant improvement to the original formation of a fixed asset.

Revenue expenditure is defined as expenditure which restores an asset to its original condition and all expenditure incurred on maintaining and operating the Trust.

g) Revenue

Revenue comprises the amounts received by the Trust for goods, services and grants in the ordinary course of Trust activities.

h) Foreign currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the Statement of Financial Performance.

## Te Huarahi Tika Trust and Group

## Notes to the Financial Statements

For the year ended 31 March 2011



## 1. Statement of accounting policies (continued)

## Specific accounting policies (continued)

## i) Consolidation

The consolidated financial statements comprise the financial statements of Te Huarahi Tika Trust, Hautaki Limited and The Hautaki Trust.

Consolidated financial statements have been prepared on the basis that Hautaki Limited is the Trustee company of The Hautaki Trust and Te Huarahi Tika Trust is the sole shareholder of Hautaki Limited.

## Comparative figures

The following comparative figures have been restated to ensure consistency with the current year financial statements:

	<i>2010 Financial Statements</i>	<i>2010 Restated Amount</i>	<i>Difference</i>
<b><i>Current assets</i></b>			
Two Degrees Mobile Limited	-	3,166,667	3,166,667
<b><i>Non-current assets</i></b>			
Two Degrees Mobile Limited	-	6,333,334	6,333,334
<b><i>Current liabilities</i></b>			
Ministry of Economic Development	-	3,166,667	3,166,667
<b><i>Non-current liabilities</i></b>			
Ministry of Economic Development	-	6,333,334	6,333,334

In the 2010 financial statements, the above receivables and payables for the Parent and Group were set-off. The assets and liabilities are separately disclosed in the current year financial statements to provide users of the Statement of Financial Position with greater detail of the future benefits and obligations of the Trust and Group.

The restatement in comparative figures has had no net impact on the Statement of Financial Position or performance of the Trust and Group.

Te Huarahi Tika Trust and Group  
 Notes to the Financial Statements  
 For the year ended 31 March 2011



1. Statement of accounting policies (continued)

Changes in accounting policies

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

2. Operating revenue	Group		Trust	
	2011	2010	2011	2010
<i>Continuing activities:</i>				
Interest income	5,451	5,595	2	2,856
Grant - TPK	16,500	-	16,500	-
Capital distribution - Hautaki Trust	-	-	8,316	-
Other income	56,773	147	-	-
Total revenue	<u>\$ 78,724</u>	<u>\$ 5,742</u>	<u>\$ 24,818</u>	<u>\$ 2,856</u>

3. Operating surplus before income tax	Group		Trust		
	2011	2010	2011	2010	
Operating surplus/(deficit) before tax is	\$ ( 272,214)	\$ ( 461,189)	\$ ( 60,099)	\$ (145,123)	
<i>After deducting:</i>					
	Note				
Accounting fees		24,157	28,203	11,559	12,063
AGM expenses		4,290	5,017	4,290	5,017
Auditors' remuneration		9,596	13,356	4,626	4,423
Consultancy fees	15	3,540	188,698	3,540	21,589
Conferences and presentation		-	1,400	-	-
Directors' expenses		2,192	5,472	-	-
Directors' fees		118,000	92,000	-	-
Electoral College fees and expenses		886	18,463	886	18,463
Foreign exchange loss		26,306	-	-	-
General expenses		330	2,929	157	1,863
Insurance		15,830	15,830	7,915	7,915
Interest		73,488	413	2	25
Legal fees		19,831	38,426	3,579	19,897
Marketing and sponsorship		-	2,350	-	2,350
Secretarial fees		4,471	2,215	342	2,215
Subscriptions		1,024	1,067	1,024	1,067
Trustees' fees		42,300	40,500	42,300	40,500
Trustees' expenses		4,697	10,592	4,697	10,592
Total expenses		<u>\$350,938</u>	<u>\$466,931</u>	<u>\$84,917</u>	<u>\$147,979</u>

## Te Huarahi Tika Trust and Group

## Notes to the Financial Statements

For the year ended 31 March 2011



4. Trust Capital	Group		Trust	
	2011	2010	2011	2010
Trust corpus	20	20	10	10
Accumulated funds	8,785,644	9,057,858	6,786,105	6,846,204
<b>Total trust capital</b>	<b>\$8,785,664</b>	<b>\$ 9,057,878</b>	<b>\$ 6,786,115</b>	<b>\$ 6,846,214</b>

5. Cash at bank	Group		Trust	
	2011	2010	2011	2010
Westpac - 00 account	27,082	17,390	20,781	3,056
Westpac - 81 account	-	220,000	-	-
Westpac - 90 account	75,748	-	-	-
<b>Total cash at bank</b>	<b>\$ 102,830</b>	<b>\$ 237,390</b>	<b>\$ 20,781</b>	<b>\$ 3,056</b>

## 6. Spectrum management rights

The Hautaki Trust uplifted its 2 .1 GHz band radio spectrum management rights from the Ministry of Economic Development and transferred these rights to Two Degrees Mobile Limited in October 2009.

The rights are to be paid by Two Degrees Mobile Limited to The Hautaki Trust over four years. The first instalment due on the date the rights were transferred and the remaining balance payable in three equal instalments on each successive anniversary of the date the rights were transferred.

The rights are to be paid by The Hautaki Trust to the Ministry of Economic Development on uplifting of the rights over four years. The first instalment due on the date of uplifting the rights and the remaining balance payable in three equal instalments on each successive anniversary of the date the rights were uplifted.

Payments due to The Hautaki Trust from Two Degrees Mobile Limited will be made directly to the Ministry of Economic Development to meet the Trust's obligations.

Bill Osborne and Brian Leighs who are directors of Hautaki Limited, Trustee of the Trust, also hold directorships on the Board of Directors of Two Degrees Mobile Limited. Bill Osborne has provided business consultancy services to Two Degrees Mobile Limited.

Te Huarahi Tika Trust and Group  
Notes to the Financial Statements  
For the year ended 31 March 2011



7. Related parties loan	Group		Trust	
	2011	2010	2011	2010
The Hautaki Trust	\$ -	\$ -	\$ 6,831,078	\$ 6,831,078

Interest is payable on demand only if the lender makes a demand for interest on or before 31 March each year.

The loan is repayable at any time without penalty by the borrower.

8. Related parties

During the year the Trust transacted with the following related parties:

*Name of Related Party:* The Hautaki Trust

*Nature of Relationship:* 100% shareholder of Hautaki Limited, Trustee of The Hautaki Trust

*Type of Transaction:* Loan

	Group		Trust	
	2011	2010	2011	2010
	\$ -	\$ -	\$ 6,831,078	\$ 6,831,078

No related party debts have been written off or forgiven during the year.

9. Investments	Group	
	2011	2010
Two Degrees Mobile Limited Carrying value at end of the year	\$ 11,473,650	\$ 8,869,571

Value at Trustee valuation is based on net assets as at 31 December 2009 plus subsequent purchases of shares at cost.

Investment shares at 31 March 2011 held were 12,445,898 in Two Degrees Mobile Limited or 4.04%.

In addition to the 12,445,898 shares the Trust owns, The Hautaki Trust is providing custodial services in respect of a further 19,498,240 shares in Two Degrees Mobile Limited. The Hautaki Trust has no beneficial interest in the shares for which it is providing custodial services.

4,891,796 shares have been pledged to Trilogly International New Zealand LLC at 31 March 2011 under the loan agreement between The Hautaki Trust and Trilogly International New Zealand LLC (refer note 11).

## Te Huarahi Tika Trust and Group

## Notes to the Financial Statements

For the year ended 31 March 2011



10. Trade creditors	Group		Trust	
	2011	2010	2011	2010
Accounting fees	19,486	11,336	12,279	258
Audit fees	23,561	12,000	9,470	4,000
Consultancy fees	6,750	6,253	3,375	3,253
Insurance	9,102	-	9,102	-
Legal fees	2,289	2,037	2,289	1,659
Secretarial	2,187	-	2,187	-
Subscriptions	855	-	855	-
Trustees' expenses	109	-	109	-
Trustees' fees	27,906	817	27,908	817
Directors' fees accrual	49,200	17,000	-	-
Sundry accrual	125	73	75	75
	<u>\$ 141,570</u>	<u>\$ 49,516</u>	<u>\$ 67,649</u>	<u>\$ 10,062</u>

## 11. Trilogy International New Zealand LLC

Hautaki Trust has entered into a loan agreement with Trilogy International New Zealand LLC to enable the Trust to subscribe for shares in Two Degrees Mobile Limited as they are offered to maintain its shareholding in the company.

Interest is payable at the rate of 10.5% p.a. net of withholding taxes, and accrues without payment for the first two years.

The loan is secured by a General Security Agreement over the shares acquired from borrowed funds plus an equal number of existing shares and is repayable in five years. 4,891,796 shares have been pledged to Trilogy International New Zealand LLC at 31 March 2011.

In the event of a default, security of 2,445,898 shares (at market value or issue price whichever is the greater) is available for loan principal repayments and 2,445,898 shares for interest payable on the loan.

## 12. Commitments

Since balance date, The Hautaki Trust has subscribed for a further 4,185,752 shares in Two Degrees Mobile Limited.

The Hautaki Trust has pledged a further 8,371,504 shares since balance date to Trilogy International New Zealand LLC under the loan agreement between The Hautaki Trust and Trilogy International New Zealand LLC (refer note 11).

There was no other capital expenditure contracted for, or other commitments, at balance date (31 March 2010: \$ Nil).

## Te Huarahi Tika Trust and Group

## Notes to the Financial Statements

For the year ended 31 March 2011



## 13. Contingencies

There were no contingencies at balance date (31 March 2010: \$ Nil).

## 14. Financial instruments

Financial instruments recognised in the Statement of Financial Position include cash balances, short term investments, receivables, payables, and term borrowings.

The carrying amount of cash balances, short term investments, receivables and payables approximates fair value due to the short maturity of these instruments. Adequate provisions are held in respect of receivables. The carrying amount of term borrowings is subject to foreign exchange fluctuations.

*Credit risk:* Financial instruments, which potentially subject the Trust to credit risk, consist primarily of cash, short term investments and receivables.

The Trust places cash and short term investments with high credit quality financial institutions.

*Interest rate risk:* The Trust assets have no significant exposure to interest rate risk in respect of their financial instruments.

*Currency risk:* The Trust has exposure to foreign exchange fluctuations as a result of transactions denominated in foreign currencies, arising from term borrowings.

15. Consulting fees	Group		Trust	
	2011	2010	2011	2010
Public meeting communications	-	3,938	-	3,938
Web site hosting, creation and design	795	1,020	795	1,020
Annual report design and production	2,745	3,025	2,745	3,025
Other fees	-	180,715	-	13,606
	<u>\$ 3,540</u>	<u>\$ 188,698</u>	<u>\$ 3,540</u>	<u>\$ 21,589</u>

## 16. Significant events after balance date

Since balance date, The Hautaki Trust has subscribed for a further 4,185,752 shares in Two Degrees Mobile Limited increasing its holding in its own right to 4.72%.



BDO WELLINGTON

**INDEPENDENT AUDITOR'S REPORT**  
**To the Trustees of Te Huarahi Tika Trust and Group**

**Report on the Financial Statements**

We have audited the financial statements of Te Huarahi Tika Trust and Group on pages 3 to 13 which comprise the statement of financial position as at 31 March 2011 and the statement of movements in trust capital, and statement of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, of Te Huarahi Tika Trust and Group. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Trustees' Responsibility for the Financial Statements**

The Trustees are responsible for the preparation of financial statements that give a true and fair view of the matters to which they relate and in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Te Huarahi Tika Trust and Group.

**Opinion**

In our opinion, the financial statements on pages 3 to 13, present fairly, in all material respects, the financial position of Te Huarahi Tika Trust and Group as at 31 March 2011, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

**BDO Wellington**

**20 October 2011**

**50 Customhouse Quay  
Wellington**

