



LAKE ROTOAIRA FOREST TRUST

# ANNUAL REPORT

# 2021



PUBLISHED FEBRUARY 2022

**CONFIDENTIAL:**  
Lake Rotoaira Forest Trust  
and Beneficial Owners

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**LAKE ROTOAIRA FOREST TRUST**

**PUBLISHED FEBURARY 2022**

**CONFIDENTIAL:  
Lake Rotoaira Forest Trust  
and Beneficial Owners**

**VISION** To be a world-class indigenous-owned forestry business creating intergenerational value

**MISSION** To realise the moemoea of our tupuna by enabling the responsible use of our land for the benefit of owners and their descendants

**OUR VALUES** **TIKANGA**  
Adhere to Ngati Tuwharetoa tikanga and values.

**TAONGA TUKU IHO**  
We are Kaitiaki of a unique natural environment handed down from our tipuna, we will protect and enhance the mauri of our taonga.

**TUWHARETOATANGA**  
The purpose of who we are and how we operate derives from our Tūwharetoatanga.



**TIKANGA**



**TAONGA  
TUKU IHO**



**TUWHARETOATANGA**





The Trustees must govern all the commercial and social responsibilities of the Trust in accordance with the Trust Order.

## TRUSTEES ARE REQUIRED TO:



Set the strategic direction and growth for Trust business;



Establish Trust objectives and strategic performance management systems;



Establish separation of governance and management within the Trust and find the optimal balance between these roles and responsibilities;



Establish structures and systems to ensure that a clear mandate and focus exist for the various sectors of the Trust business and transparency and accountability are maintained;



Establish viable and effective management systems to enhance the Trust assets and safeguard them from risk of erosion, compromise and alienation.

The Trustees are elected every three years, and all owners are eligible to be nominated.

The Trust is currently in an election process with five positions available. This process will be completed on the 8th March 2022.



## TRUSTEES

(Above from left) Judy Harris, Jody Tonga, John Tupara, Tyronne Smith (Chairperson), Richard O'Connor, Heemi Biddle, Kepariki Konui, Frankie Taituma (Deputy Chairperson), Kerry Callaghan



## TRUST ADMINISTRATION

Ripeka Biddle, Roreta Chambers, Alex Good & Taylor Te Akau (not pictured)

## OPERATIONS MANAGER

Douglas Wilcox

## THE WEIGHBRIDGE COMPANY

DIRECTOR: Judy Harris

MANAGING DIRECTOR: Geoff Thorp



## E ORA TANE

Debbie Viner (Pest Control Manager)

Mox Wall (Team Leader)

Kiana Turanga (Field Kaimahi)

John Grattan (Field Kaimahi)

## LAKE TAUPO FOREST MANAGEMENT

DIRECTORS: Bill Liley & John Van Der Leden

MANAGING DIRECTOR: Geoff Thorp



Tēnā koutou e te whānau o Rotoaira whanui.

On behalf of your trustees for Lake Rotoaira Forest Trust, I am pleased to present the Annual Report and the Trust's activities to 30 June 2021.

Some of the notable challenges that the Trust has had to face during this period include the legislative reforms currently being addressed in Parliament. These include;

## **SIGNIFICANT NATURAL AREAS (SNAS) IDENTIFIED UNDER THE RMA**

Taupō District Council (TDC) have completed an ecological assessment through a desktop exercise to identify SNAs in the district. SNAs appear to be nearly any area of native vegetation. Having land qualify as a SNA makes it very difficult for the landowner to utilise that land or what is growing on the land in any productive manner, and will potentially lead to the landowner having responsibilities for pest and weed control to maintain its environmental values.

LRFT alongside significant other Ngāti Tūwharetoa entities including Lake Taupō Forest Trust, Tūwharetoa Māori Trust Board, Tūwharetoa Settlement Trust, Lake Rotoaira Trust and most of our Tūwharetoa Farming Trusts and Incorporations have combined as a collective to oppose the entire initiative by TDC, both at a political and a legal / technical level.

## **CLIMATE CHANGE RESPONSE**

The Climate Change Commission is leading the direction of how New Zealand will face the challenge of meeting the countries' commitment and plan to reducing our emissions. This may potentially have an impact upon our Forestry business initially, but with our long-term vision and commitment to future generations, may also create opportunities.

There are many other industries including the Forestry sector that will need to adapt and transition to a low emissions and climate resilient future.

## KEY FINANCIAL HIGHLIGHTS

The year ending June 2021 has been a good year for Lake Rotoaira Forest Trust as the early to mid year log prices were strong and due to drier than normal conditions and capacity on hand, we were able to harvest more than budgeted. This certainly made up for the previous year whereby the income we received from stumpage this year was \$4.5 million, compared with \$2.8 million the previous year.

We also declared another gross distribution of \$750,000 to owners. Marae grants and Kaumātua Health grants totalled \$121,000 for the year.

Our asset base also increased from \$120 million to \$153 million this year, reflecting positive changes in the forest valuation.

Looking forward, the harvesting plan for Lake Rotoaira Forest is not as great (regardless of strong market prices) due to the main harvesting being planned is in the steeper Ruamata block and the greater distance to market.

## INVESTMENTS

Over the previous two years, the Trust has expressed its desire to diversify into the tourism sector, especially regarding rafting. The Trust had a 39% interest in a local rafting company whereby we were looking at a two-year transitional process to fully own the company. An opportunity arose to take full control of the rafting company during this period which was 12 months earlier than planned which will bring long term opportunities to the Trust. The benefits of buying out Rafting New Zealand will be fully realised once the current pandemic is brought under control and the tourism industry is revived.

Our investment in Hautū Rangipō Whenua Ltd is progressing well. Lake Rotoaira Forest Trust and Lake Taupō Forest Trust have a joint shareholding of 60.5 per cent alongside the other Ngati Tuwharetoa entities being Tuwharetoa Settlement Trust and three large Tuwharetoa farming Trusts. This year, the Trust received \$216,000 for its share of the joint investment.

### KEY FIGURES

**\$ 4.5 MILLION**

Income derived from stumpage compared to \$2.8million last year

**\$ 153 MILLION**

Lake Rotoaira Forest Trust asset base

**\$ 750K**

Owners distribution



Through Lake Taupo Forest Management, which is a subsidiary of both Lake Taupo Forest Trust (70%) and Lake Rotoaira Forest Trust (30%) our other Forestry Investments at both Opepe Farm Trust and the three Forest that LTFM purchased the forestry rights of the 2nd rotation trees following the CNI Iwi Treaty Claim in 2012 have progressed well. These three forest are Taurewa, Waituhi and Pureroa South and are all situated within the ancestral boundaries of Ngati Tuwharetoa.

## ANNUAL DISTRIBUTIONS

A growing concern for the Trust is the increasing unpaid dividends to our owners.

Identifying and locating eligible owners to pay distributions to is fraught with difficulties. Many owners are deceased and no succession has taken place; or they are living overseas with no connection or desire to complete successions or participate in their whenua and, other owners simply don't know that they are owners; addresses and bank accounts change; or the amount of the distribution is so small it's hardly worth the effort and cost of making a succession application to the Māori Land Court and registering with the Trust.

The result is that unclaimed or unpaid distributions continue to grow with no downward movement on the unclaimed fund from year to year. The Trust currently holds just over \$3.1 million in unpaid dividends.

Around 51 per cent of the annual distribution is paid, and of the approximate 12,000 owners, only 23 per cent or 2,304 are actually paid. This means almost 80 per cent of our owners do not receive a share of the annual distribution.

Staff are currently looking at other platforms to reach out to our owners (such as Facebook and other social media platforms) to encourage whanau to succeed to their interests in our lands.

## STRATEGIC DIRECTION:

The Trust continues to improve on our strategic direction, which is based around three key themes:



### OUR WHANAU

LRFT are responsive to our whanau needs, for today and tomorrow, we will enable whanau ora opportunities for our uri



### TAIAO

LRFT are kaitiaki of a unique natural environment handed down from our tipuna, we will protect and enhance the mauri of our taonga



### OUR BUSINESS INNOVATION AND TECHNOLOGY

LRFT are creating a world class, multi-product business focussing on Forestry, Tourism and Technology

## LOOKING FORWARD

With the end of the Crown lease scheduled for June 2026 for Lake Rotoaira Forest Trust, the Trust is preparing itself to be in the best possible position once we are fully self-owned. Congratulations to Lake Taupō Forest Trust for achieving this great milestone at the end of June 2021, whereby the Crown has finished its lease with Lake Taupō Forest.

The Trust has foreseen that due to the reduced amount of harvestable wood not being ready until a couple years after the



end of the Crown lease, this will be a financial burden for the Trust, but we are comfortable that we will see out the changeover and have the reserves to compensate.

## IN CLOSING... ..

A big acknowledgement for the success of the year must go to our Operations Manager, Doug Wilcox and the team from the Lake Rotoaira Forest Trust whom have had to work hard to operationalise the function of the Trust. The commitment of the staff has attributed to the success of the office to be effective in delivering positive outcomes to our whānau.

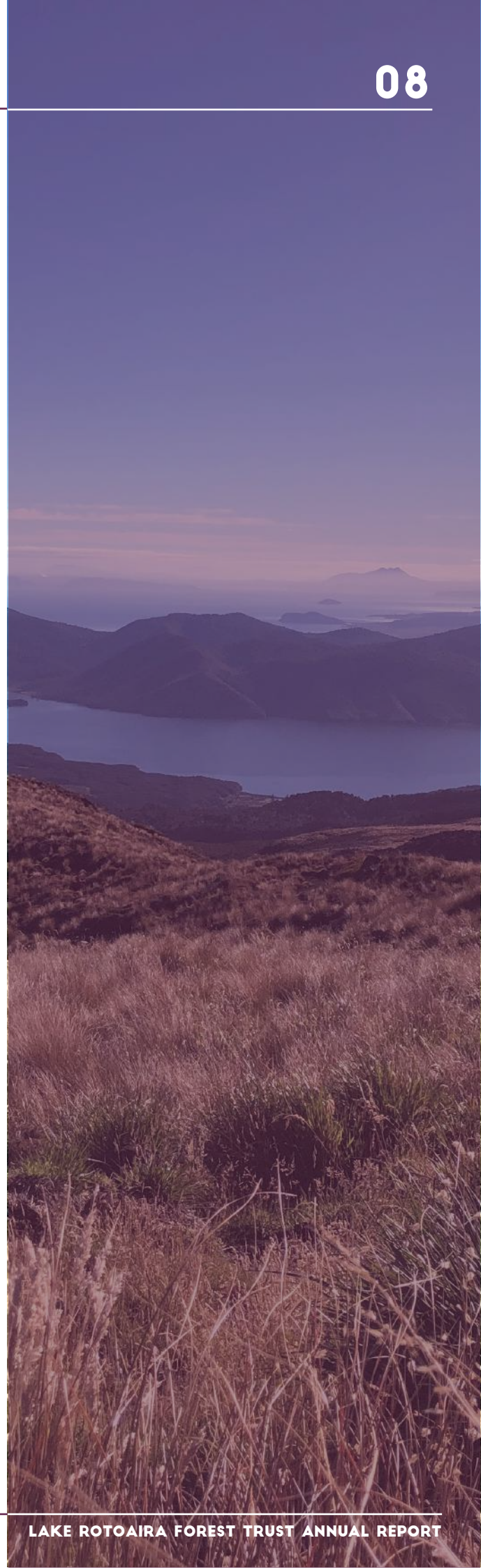
I am humbled by the dedication of all my fellow trustees during this very challenging period and acknowledge the teams hard work and support to grow the business in the best interest of our owners.

Finally, I would like to thank you, the owners for supporting the Trust to build our business and our organisation so in turn, the Trust is able to provide opportunities and support for our future generations

No reira, tēnā koutou, tēnā koutou tēnā tatou kātoa.



Bubs Smith  
Chairperson



## KEY FIGURES

**\$ 379,730**

paid to owners with valid bank account

**51%**

of total distribution

**\$ 48,267**

**PAID TO OWNERS AGED**

**65+**

For Dental, Hearing, Eyesight, Doctor and Specialist Treatment

**53%**

Owners with unknown addresses

## ANNUAL DISTRIBUTION

The Trustees declared a distribution of \$750,000. This is a taxable distribution paid to registered owners with a valid bank account and current address. The total amount paid to owners was \$379,730.17 or 51% of the total distribution. The balance is held as unpaid distributions until the owner is registered.

While the Trust makes effort to trace unknown owners, we also rely on owners to complete their successions and register their details to claim their distributions. We can provide assistance with the succession process or, enquiries can be made directly to the Maori Land Court.

## FORESTRY PROGRAMME

The Lake Rotoaira Forest Trust contributes funding of \$90,000 towards the Forestry Programme which is managed under the Lake Taupo Charitable Trust and is focused on building capability amongst our people.

The programme is designed to provide educational and work experiences that will create opportunities in the forestry industry.

## KAUMATUA HEALTH ASSISTANCE GRANTS

The Trust allocates \$50,000 towards Kaumatua Health Assistance grants. These have been operating since 2006/2007 and this year a total of \$48,266.54 was paid to eligible owners aged 65 years or older.

The Kaumatua Health Assistance grant is payable up to NZ\$300 per applicant per year and covers Dental, Eye and Hearing Treatments as well as Doctor and Specialist Consultations.



## OWNERS' STATISTICS

Of our 12,078 owners, we hold addresses for 5714 owners. This represents 47% of the ownership.

Although it can be a difficult and time consuming undertaking to find the whereabouts of our owners, the Trust is dedicated to the task. In an effort to be proactive, the Trust is utilising technology and other media in addition to our traditional methods of communication. We will continue to look at ways to improve our reach.

## UNCLAIMED DISTRIBUTIONS

Unclaimed distributions are held until the owner is registered and provides verified bank account details. The Trust relies on owners to keep in touch with the office to notify change of address and other details.

If you know any of the thirty owners in the table below, or their descendants, please ask them to contact our office or otherwise let us know their details so we can contact them.

SURNAME	FIRST NAME	SURNAME	FIRST NAME
FOX	Geoffrey	KETU	Ripeka
KIRIHORO	Witeri	KOHATU	Pita
LLOYD	Michael Tama	MARAEA	Kino
MUTUMUTU	Hoani	PATUMOANA	Takiora
PEATA	Wi	POROWIRA	Moihi
ROPITINI	Wiri	RUIHI	Haipainitia
TARAITI	Rangipoia	TAREHU	Riwa
TE AO	Makarena	TE ARAROA	Whiua
TE ARAROA	Te Ahikamaiitawhiti	TE HEREKIEKIE	Metiria
TE HUAKI	Te Kiira	TE KAHU	Rangitautahanga
TE NGONGOAI	Mokura	TE OTIMI	Hinewaka
TE RIO	Linda	TE WEROKUTU	Takerei
TUIA	Rerehau	WAIHAKEKE	Waihakeke
WHAKAPU	Tarehu	WHAKAUTA	Te Werokutu
WHANAU TRUST	Charles Haddon	WHANAU TRUST	Tupe

## LOOKING FORWARD

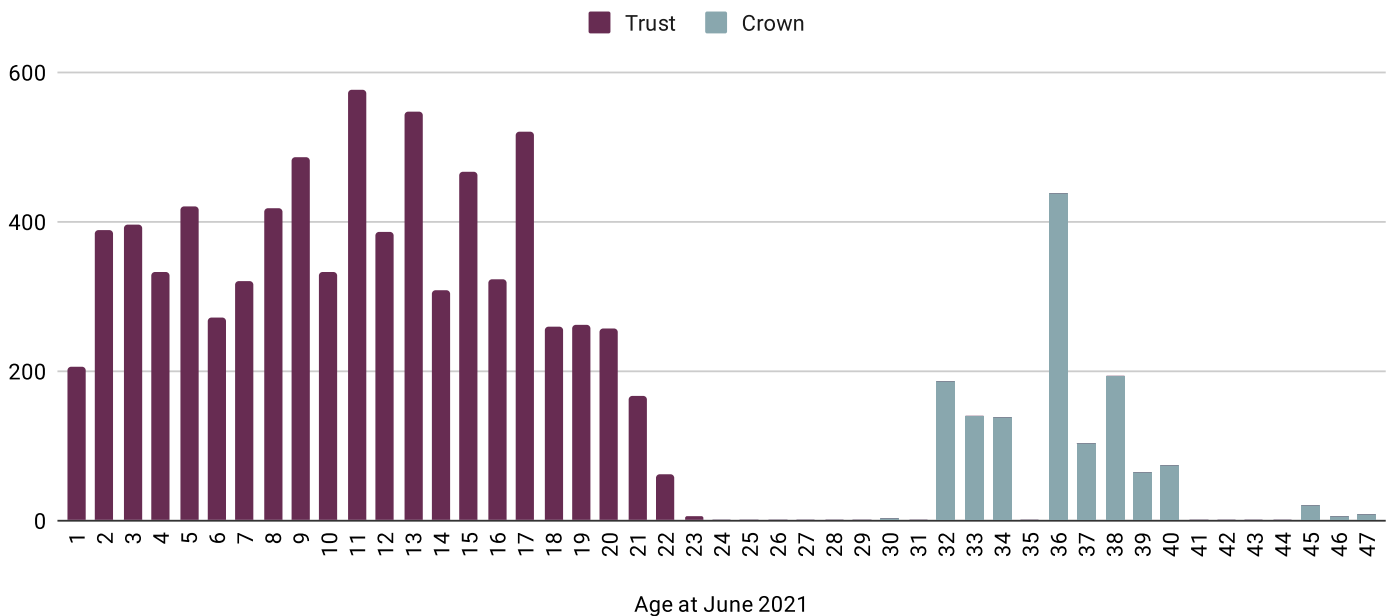
At this time, the Trust is looking at ways we can provide 'meaningful distributions' to our owners as an alternative to our current grant system. At a future stage in the process we will seek suggestions and feedback from a cross section of owners. This is an exciting evolution for the Trust and we look forward to progressing this kaupapa for the benefit of our owners.

## FOREST DESCRIPTION

The Lake Rotoaira Forest Trust administers an area of 16,447 hectares, which is the land originally leased to the Crown for forestry (the Schedule 1 blocks). Further information on the Trust and its lands can be found at [www.lrft.co.nz](http://www.lrft.co.nz). Of this area, 9,672 (59 per cent) has been afforested.

Under its lease with the Crown, LRFT replants the land after the Crown harvests its first rotation trees. Consequently, the Trust now owns 7,717 hectares of second rotation forest, which represents 84.8 per cent of the total planted area in Lake Rotoaira Forest, with the Crown owning the remainder.

## LAKE ROTOAIRA FOREST - AREAS BY AGE-CLASS



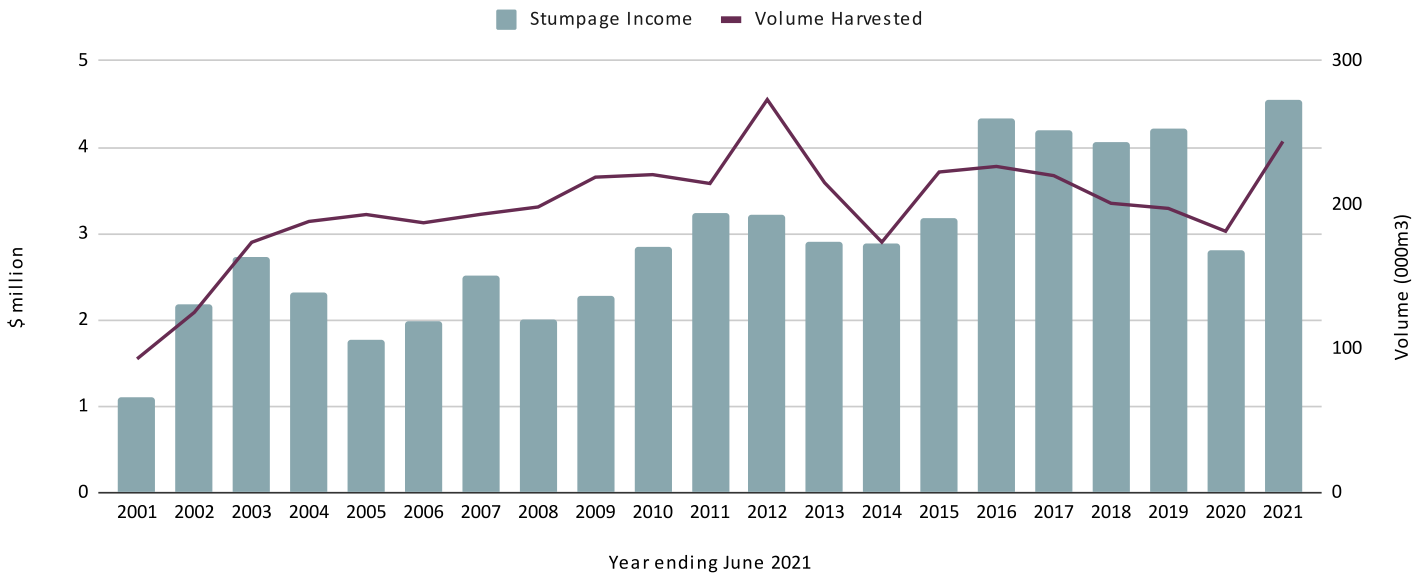
## MANAGING THE TRUST'S SECOND ROTATION FOREST

The Trust's 7,717 hectare second rotation forest is managed under contract by NZ Forest Managers Ltd (NZFM), whose work is audited on behalf of the Trust by Lake Taupō Forest Management Ltd (LTFM). NZFM also has the contract to manage the Crown's remaining 1,381 hectare first rotation forest, mainly involving the harvesting and marketing of the trees. The Trust receives a 28.5 per cent share of the profit ("stumpage") from the sale of these harvested Crown-owned trees.

The establishment and management of the second rotation crop - nearly all in *Pinus radiata*, is progressing well. The Trust spent a total of \$2.24 million on establishing and managing its part of Lake Rotoaira Forest in the 2020/21 year. This was on budget and was also similar to the average of the previous three years. Around 34 per cent of the expenditure related to land preparation, planting and releasing (controlling the weeds around the young plants), with pruning and thinning accounting for a further 33 per cent of the cost. Around 50 per cent of the second rotation crop is managed under a clearwood (pruning) regime, with the remainder following a 'framing' (no prune) regime.



## LAKE ROTOAIRA FOREST TRUST - STUMPAGE INCOME



## HARVEST AND SALES PERFORMANCE

The logs harvested in Lake Rotoaira Forest come from the Crown Lease forest – the Trust’s own forests will not be ready for harvesting until 2026. A total volume of 244,000 m<sup>3</sup> was harvested in 2020/21 – well above the 210,000 m<sup>3</sup> budgeted, the higher volume in part making up for the Covid-influenced low harvest of the previous year, but also to take advantage of particularly strong markets toward the end of the year. The Trust’s share of stumpage income from the harvesting in the 2020/21 year was \$4.55 million. This was their highest annual income to date, and \$1.7 million (63%) higher than the previous year.

On a per cubic-metre basis, the average stumpage return of around \$66/m<sup>3</sup> was high, but not at record levels – in 2018 and 2019 stumpage was \$71/m<sup>3</sup> and \$75/m<sup>3</sup> respectively). Nevertheless per-m<sup>3</sup> stumpage was slightly above the 5-year and 10-year averages of \$64/m<sup>3</sup> and \$60/m<sup>3</sup>, while the 20-year average stumpage is considerably lower at \$51/m<sup>3</sup>.



## LOG MARKETS

Log sales in the 2020/21 year realized an average delivered sales price of \$132/m<sup>3</sup> – which was \$4/m<sup>3</sup> higher than the previous year, and also well above the 10-year average of \$118/m<sup>3</sup>.

China again dominated the market demand for NZ radiata, with around half of all logs harvested in NZ being exported there. While the Trust sells very few logs into China, the prices paid by Chinese customers largely dictated the prices paid in other markets – including the domestic NZ market. China’s demand for wood was strong for most of the year, and this meant that prices in other export markets were also high – including in our main export countries of Korea and Japan. Ocean freight costs increased substantially over the year however and this eroded net returns to NZ exporters. Our other export market – India – suffered from continued Covid disruptions, and exports to there were very low.

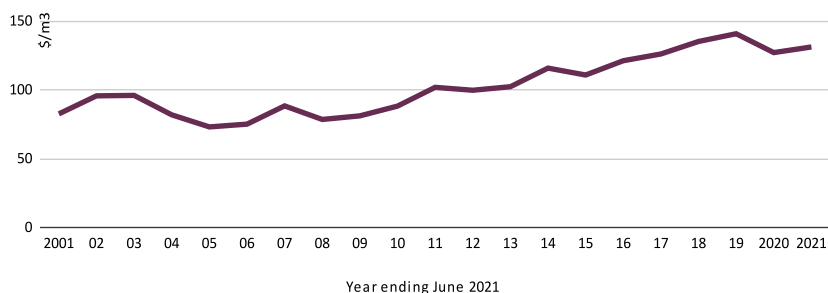
Around 54% of the LRF harvest was sold on domestic markets in 2020/21 – a bit less than usual but reflecting the need to place large volumes of wood post-Covid. The domestic was generally strong however, largely on the basis of high house building and renovation activity. This looks set to continue although the overall building market is being affected by supply chain disruptions for many building products, which can have a flow-on impact on the demand for wood products here.

Another key factor influencing our returns is our own production costs. We are now at \$66/m<sup>3</sup>, total production costs in 2020/21 which is a bit lower than in the previous year. We are expecting even higher costs over the remaining four years of the Crown lease to come as we start to harvest the steeper (and hence more expensive) parts of the forest.

Figure 3 presents the average delivered price received for all Lake Rotoaira Forest log sales (domestic and export) since 2001, with the 2020/21 year shown in the blue band. This shows that while prices have softened a bit, they are still high by historic levels.



## AVERAGE MILL DOOR LOG PRICE BY YEAR 2002 - 2021



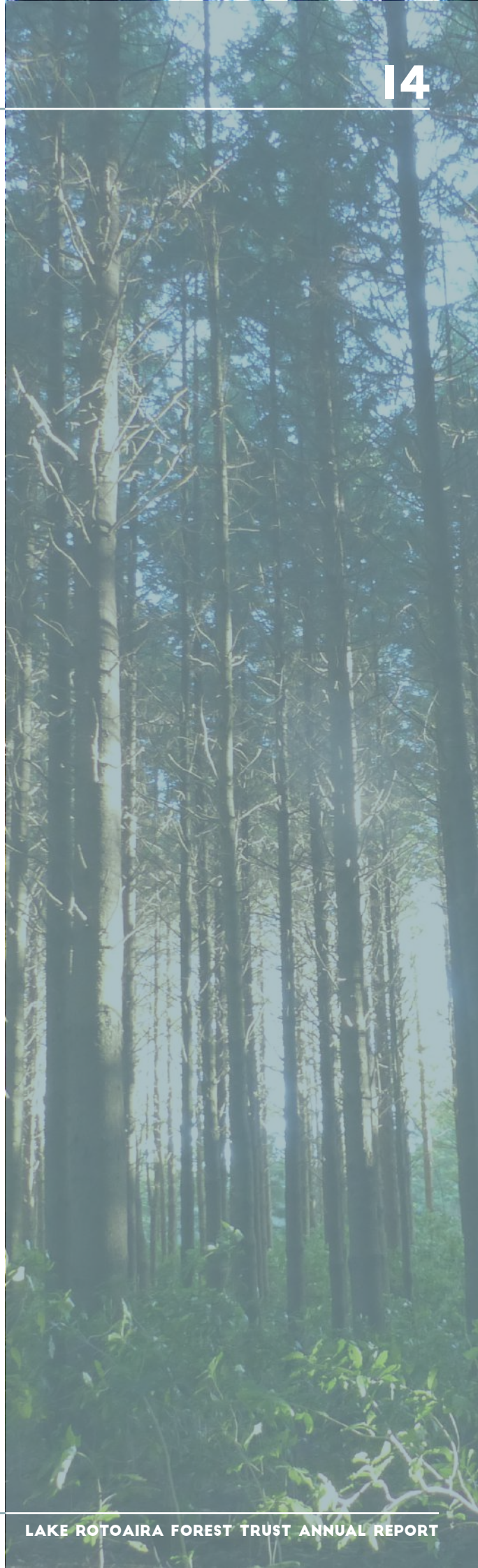
We continue to get good feedback on the quality of the wood produced from Lake Rotoaira Forest, and we are confident this will continue. The Trustees continue to look closely at the current situation and appraise future signals, and remain confident both that the long-term outlook for forestry is positive, and that plantations are the best use for the Trust lands. Overall plantation forestry as practiced by LRFT is considered to be a safe, steady and sustainable investment, which will produce good returns for its owners.

The outlook for the current (2021/22) year is for lower returns than in recent years, largely driven by financial uncertainties in China.

### FOREST VALUATION

While we have no intention of selling the forest, the Trust is required to assess the value of its forest each year. The value of the Trust-owned second rotation forest at 30 June 2021 was \$74.2 million – a \$26 million (54%) increase on the previous year. This increase was in part due to the trees being one year older, but also due to the valuers using a lower discount rate (to reflect the high prices being paid for forests), and to the realization that the stands are growing faster than had previously been modelled. The value of the Trust’s share of the Crown lease forest at 30 June 2021 was \$15.6 million.

The combined value of all the Trust’s forest assets at 30 June 2021 is \$89.75 million – 44 per cent higher than 12 months earlier. This value excludes the value of the land on which the trees are growing.



## EARLY CROWN EXIT - PROGRESS REPORT

The Trust is now nineteen years into the planned 24-year period during which the Crown is to exit its involvement in the forest. When considering the Lease Variation in 2002, LTFM calculated a ‘worst case scenario’, this reflecting the expected risks of taking on the obligation to replant and manage the second rotation crop. It was determined that LRFT could afford to cope with the worst case scenario provided it had sufficient funds invested off-forest to use as a back-up.

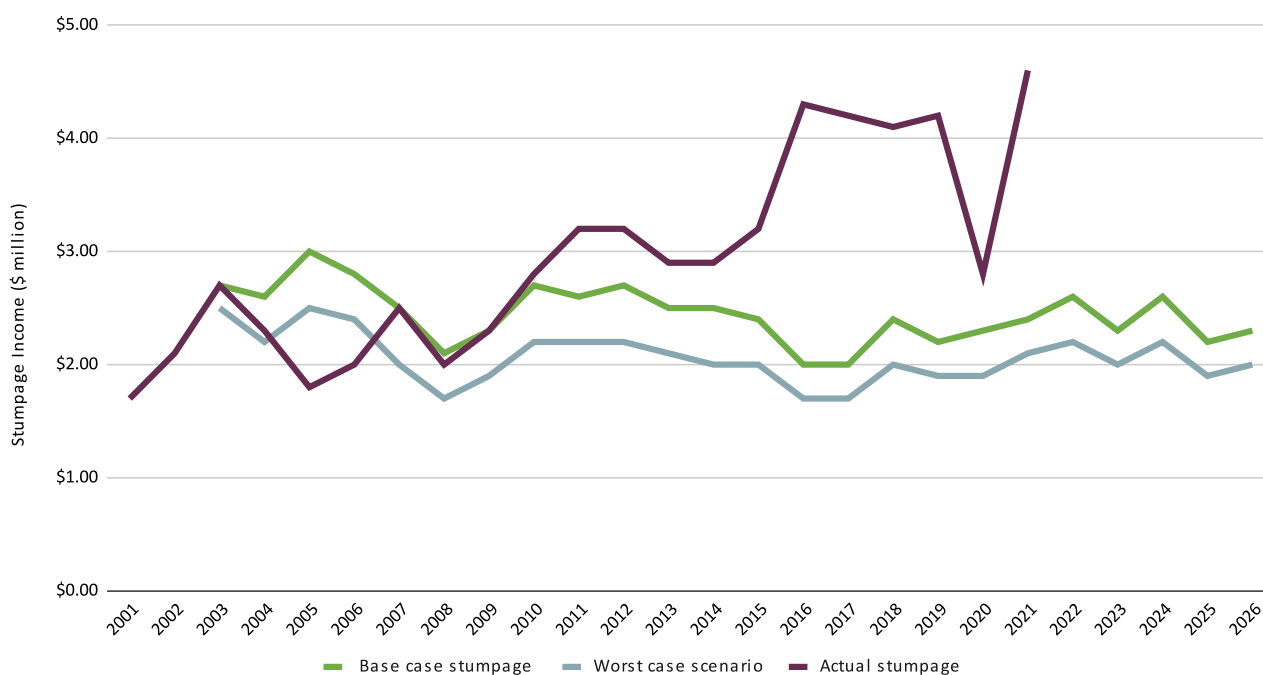
Figure 4 shows that after a few challenging years at the start, the Trust has earned far more than had been assumed in its ‘base case’. The 2020/21 year again generated a considerably higher stumpage income than was forecast back in 2002.

This graph, however, only shows the income side of the business – off-setting this are forest costs, and these have also increased

over time. On top of that, the Trust has also invested in new forest and land opportunities not envisaged in 2002 – such as the Hautū Rangipō lands, shares in a forestry lease on Opepe Farm Trust lands, and in three forests previously held by the Tūwharetoa Settlement Trust (all discussed later).

To cover the on-going costs in the event of poor returns, the Trust has built up a ‘forestry reserve fund’ from past savings (around \$3.7 million at 30 June 2021), and has further added to this by selling New Zealand Units (NZUs – discussed later), adding a further \$11.3 million. Costs and returns for the remaining five years of the Crown Lease indicate cashflows will continue to be tight, but with the reserves built up the Trustees are fully confident that their forest investment and distribution strategy is affordable.

**FIG 4: LRFT EARLY CROWN EXIT FORECAST STUMPAGE VS. ACTUAL STUMPAGE**



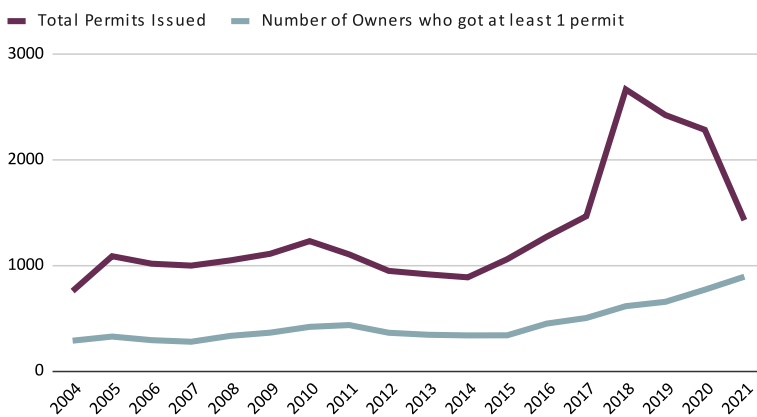


## RECREATIONAL AND CULTURAL USE OF TRUST LANDS

Providing access to owners is a key priority of the Trustees, and they were pleased to see a total of 1,427 permits being issued to owners or descendants of owners during the 2020/21 year. This is a reduction from the previous year, reflecting that all permits in the year had a term of 6 months – whereas in the previous year some were of the previous 2-month duration.

Owner access permits to Lake Rotoaira Forest lands were obtained by 892 different people during the year – an increase on earlier years and a positive sign of heavy use of the lands by our owners.

**FIG 6: RECREATIONAL PERMITS ISSUED FOR LAKE ROTOAIRA FOREST 2004-2021**



You are reminded that those eligible for access permits are owners, descendants of owners and spouses of owners. To obtain a permit you must first register with the Trust office, and you are then able to get permits at any time from the LTFT office, the NZFM office or from the Tūwharetoa Maori Trust Board office in Taupo.



## ENVIRONMENTAL PROTECTION

While the Trust is responsible for significant commercial forestry activities on our lands, there is also a strong recognition of the need to protect and enhance the taonga tuku iho, and indeed the Trust Order and the Crown lease also emphasizes these imperatives. The Trustees want to ensure that the land, and everything on it is managed in a sustainable way consistent with the principles of kaitiakitanga.

Work on environmental and social initiatives over the last year has included:

## NZFM ANNUAL WORKFORCE SURVEY

The NZFM workforce survey is completed annually on the workforce within Lake Taupō and Lake Rotoaira Forests. Data is collected on a number of topics and various trends are analysed, such as local employment rates, crew turnover rates, the number of dependents supported from the forest, other uses of the forest, training courses completed and qualifications held.

The 2020/21 results were reasonably consistent with previous years. The trends indicate that over the last 5 years an average of 72% of employees have been Māori, 44% are of Ngati Tuwharetoa descent, and 31% have whakapapa ownership links to the LRFT and LTFT lands.

The Trust has an aim of increasing employment opportunities for owners. We are working to encourage more rangatahi to get involved in the business at all levels, including providing scholarships and offering internships to owners who want to study forestry at Canterbury University or Toi Ohomai.



## ROTOAIRA WETLANDS GREY WILLOW CONTROL

In coordination with the Waikato Regional Council, the Department of Conservation and neighbouring landowners, the Trust continues to do annual surveys of the Rotoaira Wetlands to identify and control any new willows and areas of reinfestation.

## MANAGEMENT OF RARE, THREATENED AND ENDANGERED SPECIES WITHIN LAKE ROTOAIRA FOREST

Three such areas have been identified on LRFT lands, and they are all receiving extra attention to protect and enhance the populations. They are:

Pittosporum turnerii - intensive possum control continues around the Pittosporum turnerii site just north of Lake Otamangakau in Lake Rotoaira Forest to protect the new growth, though monitoring indicates some possums are still in the area. The population is considered healthy, and is now being managed under an updated 10-year management plan drawn up in 2019.

Dactylanthus taylorii is present in a range of native bush areas in LRF with the population near Otara Stream considered to be the largest and healthiest. Management intervention includes trapping possums and installing cages over the plants which prevent browsing, and in the last year undertaking hand pollination. The 2020 report on the population shows it is thriving, The population is also subject to a new 10-year management plan.

Hipaua Geothermal Area - the Management Plan for Hipaua Geothermal area (not all of which is on LRFT lands) requires annual aerial photography to monitor changes, as well as a 5-yearly pest assessment. Last year a drone was used to undertake the

photography, which allowed a considerably more detailed assessment to be done. No changes from 2020 were noted in the 2021 assessment and the habitats remain in very good condition.

## 2020 FSC SURVEILLANCE

Lake Taupō and Lake Rotoaira Forests received Forest Stewardship Council (FSC) certification in 2002. This is a voluntary initiative under which independent auditors assess our forests and their management (by NZFM) against a set of environmental, economic, social and cultural criteria. The forests and their management passed their 2020 FSC surveillance with no major issues, though four minor Corrective Action Requests (CARs) were recorded, all of which have been addressed.

Many of the environmental initiatives are managed by our managers (NZ Forest Managers Ltd), and a large part of the certification workload falls also on them. Their web-site <http://www.nzfm.co.nz> outlines all NZFM operations, and is useful to check progress on our FSC initiatives.



## HAUTU RANGIPO LANDS INVESTMENT

It is now six years since the two Forest Trusts invested in Hautū Rangipō Whenua Ltd (HRWL) – the company which was established to purchase the Corrections lands near Tūrangi and the neighbouring Mangamawhitiwhiti Farm. The shareholding and directors of this company are presented below.

HRWL continues to operate successfully, adhering to the general approach of being a passive land-owner which leases the lands to other users. Of the total ~9,000 hectare estate, around 7,500 ha is leased to the Corrections Department for a prison and training farm, to Tuatahi Farming for farming, and to New Forests Ltd and LTFM (the subsidiary of LRFT and LTFT) for forestry, with the remainder being in native bush, roads and streams.

The company paid out around \$1.19 million in dividends to its partners in 2020/21, of which LTFM's share was \$720,000, and in turn LRFT's 30% share of this was \$216,000.

With agreement from local hapu, the HRWL Board allows teams to access the land to hunt for kai for tangihanga – an arrangement which requires case by case requests from relevant marae. These arrangements are working well, with access being required on average once every 2 or 3 weeks, and the teams reporting good hunting success.

## HAUTU RANGIPO WHENUA LIMITED

PARTNERS	SHAREHOLD
Lake Taupo Forest Management (Subsidiary of LTFT & LRFT) Directors: Binky Ellis, Bubs Smith, Geoff Thorp	60.5%
Waihi Pukawa Trust	6.6%
Oraukura 3 Incorporation	6.6%
Puketapu 3A Incorporation Directors: Sharon Mariu	6.6%
Tūwharetoa Carbon Farms Ltd Directors: Greg Stebbing	19.7%

## LTFM FORESTRY INVESTMENTS

Lake Taupo Forest Management Ltd (LTFM) is a subsidiary of the Lake Rotoaira Forest Trust (30%) and the Lake Taupo Forest Trust (70%). In addition to its HRWL land investment reported above, LTFM has over the last eight years made a number of forestry investments around the rohe. These are generally 1-rotation Forestry Right (essentially lease) agreements to grow trees on other entities' lands, for which LTFM pays an annual rental. The investments are summarised in the table below.

### LTFM FORESTRY INVESTMENTS

FOREST	AREA	LRFT SHARE OF INVESTMENT 20/21	LRFT SHARE OF FOREST VALUE AS AT 30 JUNE 21
	Hectares	\$	\$Million
Opepe	1,429	206,000	3.32
Kaimanawa	2,255	360,000	2.31
Taurewa	1,066	29,000	1.70
Waituhi	511	12,000	0.78
Pureora South	540	139,000	0.49
<b>TOTAL</b>	<b>5,801</b>	<b>746,000</b>	<b>8.6</b>

All of the forests are *Pinus radiata*, and range in age from 1 to 14 years. The area of Kaimanawa Forest (which is on HRWL lands) will over the next 30 years grow to around 5,000 hectares as LTFM replants the areas harvested by New Forests, while Waituhi and Pureora South will together also grow by a further 600 ha. Harvesting will start in the late 2030s.

## EMISSIONS TRADING SCHEME (ETS)

The Emissions Trading Scheme (ETS) is the Government's legislation designed to combat global climate change. As owners of around 9,180 hectares of 'pre-1990' forest, the Trust received 582,000 'carbon credits' (known as New Zealand Units, or NZUs) in 2008. The allocation of NZUs to the Trust was a one-off event, and they can be sold only once, so when and how many to sell are therefore key decisions.

After some in-depth strategising on what we should do with these NZUs, including getting advice from a number of experts

in the field, the Trust elected in 2018 to sell around 80% of the units over the next two years, and hold the rest while we track how their value moves. The income generated is to largely be used to assist the Trust get through the remaining six years of the Crown Lease, during which forecasts show that cashflow will be very tight.

By 30 June 2021 LRFT had sold 450,000 NZUs (77% of their initial allocation). The buyers for these units are entities who have large emissions that they are required to off-set - such as power and oil companies. The Trust has received \$11.36 million from its NZU sales (average \$25.24/NZU), which it holds in a separate account. The NZU sales were completed by May 2020, and none were sold in the 2020/21 financial year.

The value of the 132,000 NZUs still held by LRFT at 30 June 2021 was \$5.7 million.



Lake Rotoaira Forest Trust in addition to its core Commercial Forestry Operations has also invested in a number of other ventures.

## **TONGARIRO TOURISM HUB**

Towards the end of the 2021 Financial Year, Lake Rotoaira Forest Trust restructured its general and limited partnership name to consolidate its 3 tourism ventures under one umbrella entity. This entity is called Tongariro Tourism Hub and has trading names listed as the 3 tourism ventures - Tongariro Transport Hub, Rafting New Zealand and Kaimanawa Alpine Adventures. The aim was to centralise common services across the 3 tourism ventures for efficiency such as consolidated accounting and administration services. All vehicle assets would also be registered under the transport hub but would service all tourism ventures.

## **RAFTING NZ**

An opportunity to purchase Rafting New Zealand outright was offered by the major shareholders. Lake Rotoaira Forest Trust accepted and acquired 100% ownership of Rafting New Zealand at the end of April 2021. This was 12 months earlier than originally intended and an interim contract for service was established with Tongariro River Rafting to undertake operations of the business.



The Rafting New Zealand (RNZ) operation, like a large number of other tourist based operations in NZ, was still significantly affected by Covid 19 due to no international tourist customers. The nature of the contract for service with Tongariro River Rafting is an agreed profit share of the booking with all expenses covered by the contractor.

A number of the Tuwharetoa rafting guides trained by Rafting New Zealand in the previous 2 years who were still available were offered contract work as rafting guides with Tongariro River Rafting. Operations are kept as lean as possible to minimise operational expense due to the impact of Covid 19.

## **KAIMANAWA ALPINE ADVENTURES**

(Joint Venture with Kaimanawa 3B2A/3B2B Trusts and a license agreement with Helisika Limited)

In 2019, this tourism venture operation for a Heli-biking experience was developed in a tripartite agreement with the Kaimanawa Trusts and Helisika. Other activities such as Heli-scenic flights, Heli-hiking, and Heli-hunting would also be delivered in this venture.

A Kiosk, Helicopter Hangar, and toilet are proposed to be built at the current car park area on Waipakihi Road (Rangipo North 7C Block), and these buildings are to be the base of operations. Construction would commence in early December 2021, with the tourism venture being in full operation in the 2022 summer season.

The Provincial Growth Fund funded the construction of all building and track infrastructure, the buildings maintained by Helisika for the duration of the Joint Venture (minimum of 15 years), and ownership of the buildings transferred to LRFT at the end of construction. In terms of the Joint Venture agreement, Helisika is to pay for any costs in excess of the Kaimanawa PGF funding amount, and Helisika will pay LRFT and the Kaimanawa Trusts for track/building use on a (royalty) per person basis.

## **TONGARIRO TRANSPORT HUB**

This tourism venture is 100% owned by Lake Rotoaira Forest Trust and currently provides the only all day carpark located near the Tongariro Alpine Crossing hike at Ketetahi. Transport services are offered from the carpark to the start of the track at Mangatepopo by whanau-owned and operated transport businesses, and all carpark staff have local hapu affiliation.





This second season of operation continued to be impacted by Covid-19 due to the continued closure of the NZ borders to international tourists. The Tongariro Transport Hub team adjusted to operate in a more efficient way for the 2020/2021 season in a casual contract basis based on client demand. Domestic visitor numbers were significantly up on our first season and we are thankful for their custom.

A Master Plan for the future development of the carpark was completed in 2020. This is a vision and aspirational document from which future investment for the carpark development can be sought. An opportunity was also being sought to secure TPK investment to proceed with the next stage in design plans.

### HONEY OPERATIONS

The 2020/2021 apiary season undertaken by King Honey to extract honey off Lake Rotoaira Forest Trust managed lands is the second season of their 3 year license. The season was adversely affected by a cold snap that occurred during the Xmas break 2020/2021. This resulted in a reduced volume of honey extracted then expected, although the proportion of UMF quality 15+ honey extracted was higher than the previous season.

King Honey continues to support employment for Ngati Tuwharetoa rangatahi. A majority of rangatahi employed in the first season are still with King Honey, with one elevated to supervisor position.



### PEST MANAGEMENT PLAN IMPLEMENTATION

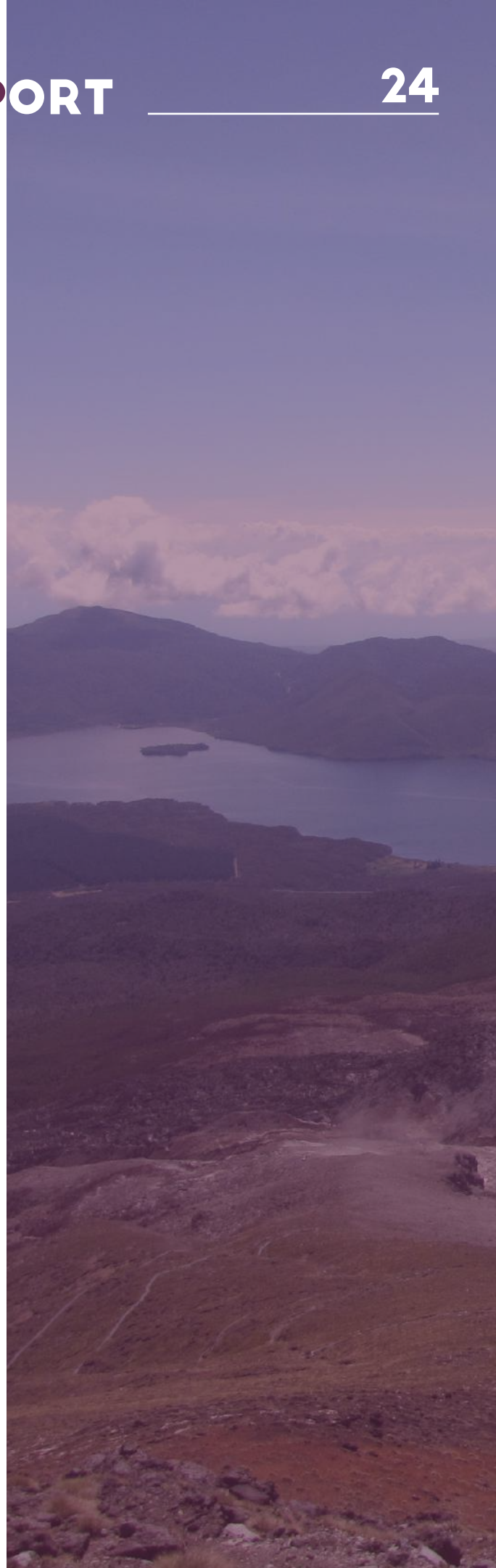
In 2019, Osprey (ex- Animal Health Board) indicated they would be ceasing pest control of possums for bovine tuberculosis in 2 years due to levels being reduced to an acceptable state after 25 years of operations. This would leave the responsibility of future pest management in the hands of landowners and/or trusts who managed their whenua. In response,



a values document was developed from wananga held with landowners, hapu and the Trusts of Lake Taupo Forest, Lake Rotoaira Forest, Hautu Rangipo and Opepe Farm whenua for Pest Management called “E Ora Tane”. This strategy provides the values that owners felt were important in developing a strategy to address managing pests on their whenua.

A stage 2 process then developed a 5-year Pest Management Plan across all Lake Rotoaira Forest managed lands. This implementation plan aligns to the values of E Ora Tane and offers a blended approach of pest control methods that aspires to meet the needs of all landowners. Key outcomes are pest eradication by trapping will be the main method of pest control, protecting taonga species of plants and wildlife, protecting Rotoaira wetlands, and maintaining biodiversity buffers that ensure environmental protection of identified land and waterways.

A Pest Management Project Manager was appointed in March 2021. A Jobs for Nature (JFN) Fund application was also successfully granted and would contribute towards the implementation of the 5-year Pest Management Plan. \$750,000 was secured from the JFN fund and alongside direct investment from Lake Rotoaira Forest Trust, this has allowed the Project Manager to plan the roll-out of monitoring and pest control operations across Lake Rotoaira Forest Trust lands, setup recruitment for a Pest Control Supervisor and kaimahi roles; and plan the acquisition of resources to facilitate pest control operations.









## Independent auditor's report to the Beneficiaries of Lake Rotoaira Forest Trust

### Qualified opinion

We have audited the financial statements of Lake Rotoaira Forest Trust ("the Trust") and its subsidiary ("the Group") on pages 5 to 25, which comprise the statement of financial position of the Group as at 30 June 2021, and the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended of the Group, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements on pages 5 to 25 present fairly, in all material respects, the financial position of the Group as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Trust's beneficiaries as a body. Our audit has been undertaken so that we might state to the Trust's beneficiaries those matters we are required to state to them in an auditor's 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 Trust and the Trust's beneficiaries as a body, for our audit work, for this report, or for the opinions we have formed.

### Basis for qualified opinion

As explained in note 2 of the financial statements, the Group's land and land improvements with a carrying value of \$19,334,200 are stated at the most recent Government Valuations. This may be a departure from New Zealand Equivalent to International Accounting Standard 16 (NZ IAS 16) which, when property, plant and equipment assets are subject to revaluations, requires such assets to be recorded at fair value. We have been unable to satisfy ourselves regarding the fair value of the land and land improvements and therefore are unable to quantify the effect of this possible departure from generally accepted accounting practice on the financial performance and financial position of the Group. This matter has no impact on the reported cash flows of the Group.

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Group.

### Those charged with governance responsibilities for the financial statements

Those charged with Governance are responsible, on behalf of the Trust, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as those





charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing on behalf of the Trust the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>. This description forms part of our auditor's report.

The logo for Ernst &amp; Young, featuring the company name in a stylized, cursive script.

Chartered Accountants  
Wellington  
23 December 2021

# Annual Report

Lake Rotoaira Forest Trust Group  
For the year ended 30 June 2021





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# Directory

## Lake Rotoaira Forest Trust Group For the year ended 30 June 2021

### Nature of Business

Forestry Land Block

### Address

81 Town Centre

PO Box 155

Turangi, New Zealand

### IRD Number

028-362-846

### Trustees

Tyrone Smith (Chairman)

Frankie Taituma (Deputy Chair)

Jody Tonga

John Tupara

Richard O'Connor

Heemi Biddle

Kepariki Kenui (Elected 29 October 2020)

Mike Pitiroi (Ceased 17 September 2020)

Judy Harris

### Chartered Accountant

Deloitte Rotorua

PO Box 12003

Rotorua 3045

### Bankers

Bank of New Zealand

### Solicitors

Tony Jensen (C.A.C. Corporate & Trust Management Services) - In-house Legal




# Approval of Financial Report

## Lake Rotoaira Forest Trust Group For the year ended 30 June 2021

The Trustees are pleased to present the approved financial report including the historical financial statements of Lake Rotoaira Forest Trust Group for year ended 30 June 2021.

APPROVED

For and on behalf of the Trustees.



A handwritten signature in blue ink, appearing to be 'J. Sh.', written over a horizontal line.

Date 22/12/2021



A large, stylized handwritten signature in blue ink, written over a horizontal line.

Date 22/12/2021

# Statement of Comprehensive Income

## Lake Rotoaira Forest Trust Group For the year ended 30 June 2021

	NOTES	2021	2020
<b>Statement of Comprehensive Income</b>			
<b>Operating Earnings</b>			
Total Operating Income	4	5,007,644	3,256,898
Total Operating Expenses	5	(3,424,995)	(3,364,137)
<b>Net Operating Earnings/ (Losses)</b>		<b>1,582,649</b>	<b>(107,239)</b>
<b>Other Income (Expenses)</b>			
Forest Crop Valuation	7	27,481,900	10,935,050
Grant Expenditure		(211,158)	(329,477)
Investment Income		1,143,789	518,264
Land Revaluation		-	1,659,532
Share of profit of equity-accounted associates	17	2,440,156	638,499
<b>Total Other Income (Expenses)</b>		<b>30,854,687</b>	<b>13,421,868</b>
Net Surplus before Taxation		32,437,336	13,314,629
Income Tax Expense	15	(6,018,408)	(1,935,852)
Net Surplus after Taxation		26,418,928	11,378,777
<b>Other Comprehensive income</b>			
Intangible Carbon Asset Revaluation	24	1,521,135	1,972,375
Land Revaluation - Parent		285,000	1,040,010
Land Revaluation - Associate		-	208,832
<b>Total Other Comprehensive Income</b>		<b>1,806,135</b>	<b>3,221,217</b>
<b>Total Comprehensive Income</b>		<b>28,225,063</b>	<b>14,599,994</b>



# Statement of Movements in Equity

Lake Rotoaira Forest Trust Group  
For the year ended 30 June 2021

	LAND REVALUATION RESERVE	CARBON REVALUATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>Statement of Movements in Equity</b>				
<b>2021</b>				
Balances at 1 July 2020	1,248,842	4,201,230	101,294,193	106,744,265
<b>Comprehensive Income</b>				
Net Surplus	-	-	26,418,928	26,418,928
<b>Other Comprehensive Income</b>				
Intangible Carbon Asset Revaluation	-	1,521,135	-	1,521,135
Land Revaluation - Parent	285,000	-	-	285,000
<b>Total Comprehensive Income</b>	<b>285,000</b>	<b>1,521,135</b>	<b>26,418,928</b>	<b>28,225,063</b>
Distributions to Owners	-	-	(750,000)	(750,000)
<b>Balance at 30 June 2021</b>	<b>1,533,842</b>	<b>5,722,365</b>	<b>126,963,121</b>	<b>134,219,328</b>
<b>2020</b>				
Balance at 1 July 2019	-	12,308,855	80,585,416	92,894,271
<b>Comprehensive Income</b>				
Net Surplus	-	-	11,378,777	11,378,777
<b>Other Comprehensive Income</b>				
Intangible Carbon Asset Revaluation	-	1,972,375	-	1,972,375
Land Revaluation - Parent	1,040,010	-	-	1,040,010
Land Revaluation - Associate	208,832	-	-	208,832
<b>Total Comprehensive Income</b>	<b>1,248,842</b>	<b>1,972,375</b>	<b>11,378,777</b>	<b>14,599,994</b>
Transfer Carbon Revaluation Reserve to Retained Earnings	-	(10,080,000)	10,080,000	-
Distributions to Owners	-	-	(750,000)	(750,000)
<b>Balance at 30 June 2020</b>	<b>1,248,842</b>	<b>4,201,230</b>	<b>101,294,193</b>	<b>106,744,265</b>

# Statement of Financial Position

## Lake Rotoaira Forest Trust Group

As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	3,318,813	1,592,004
Trade, Other Debtors and Other Current Assets	13	194,193	1,288,568
GST Receivable		-	18,006
<b>Total Current Assets</b>		<b>3,513,006</b>	<b>2,898,578</b>
<b>Non-Current Assets</b>			
Website Internet		2,869	2,170
Property, Plant and Equipment	6	19,523,370	19,156,546
Intangible Assets	24	6,004,694	4,201,230
Investment in The Weighbridge Company Ltd	17	109,306	124,410
Investment in Lake Taupo Forest Management	17	11,587,783	8,488,076
Investment in Rafting New Zealand	18	-	23,427
Investment in Te Karehana Tours	19	445,376	445,376
Advance to Tuwharetoa Property Investment Ltd	26	500,010	500,010
Investments	9	22,326,977	21,961,514
Forest Crop	7	89,749,000	62,267,100
<b>Total Non-Current Assets</b>		<b>150,249,385</b>	<b>117,169,859</b>
<b>Total Assets</b>		<b>153,762,391</b>	<b>120,068,437</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Creditors and Other Payables	20	751,964	955,655
Lease Liability	8	13,407	-
GST Payable		203,470	-
Current Taxation Payable		38	38
Unclaimed Distributions	21	3,139,489	2,949,272
BNZ Loan Taurewa/Waituhi/Pureora South	16	61,275	80,880
<b>Total Current Liabilities</b>		<b>4,169,643</b>	<b>3,985,845</b>
<b>Non-Current Liabilities</b>			
BNZ Loan Taurewa/Waituhi/Pureora South	16	685,845	751,680
Deferred Tax	15	14,605,055	8,586,647
Lease Liability	8	82,520	-
<b>Total Non-Current Liabilities</b>		<b>15,373,420</b>	<b>9,338,327</b>
<b>Total Liabilities</b>		<b>19,543,063</b>	<b>13,324,172</b>
<b>Net Assets</b>		<b>134,219,328</b>	<b>106,744,265</b>
<b>Equity</b>			
Carbon Revaluation Reserve	24	5,722,365	4,201,230
Land Revaluation Reserve		1,533,842	1,248,842

Statement of Financial Position

	NOTES	30 JUN 2021	30 JUN 2020
Retained Earnings		126,963,121	101,294,193
<b>Total Equity</b>		<b>134,219,328</b>	<b>106,744,265</b>



# Statement of Cashflows

## Lake Rotoaira Forest Trust Group For the year ended 30 June 2021

	NOTES	2021	2020
<b>Statement of Cash Flows</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Operations		6,103,846	3,028,806
Interest, Dividends and Other Investment Receipts		346,651	412,064
Payments to Suppliers		(2,961,335)	(2,954,281)
Payments to Employees		(113,180)	(166,336)
Net GST (Paid)/Received		221,476	(143,471)
Interest Paid		(35,463)	(49,864)
Income Tax Received		-	3,995
Net cash inflow by operating activities		3,561,995	130,913
<b>Cash Flows From Investing Activities</b>			
Net Purchases of Property, Plant, and Equipment		(153,961)	-
Net Purchases of Investments		(824,844)	(8,948,463)
Sale of Carbon Intangible Assets		-	10,080,000
Advances to Investees		-	(843,728)
Net cash inflow/ (outflow) by investing activities		(978,805)	287,809
<b>Cash Flows From Financing Activities</b>			
Distributions to Owners		(559,783)	(585,199)
Marae & Health Grants		(211,158)	(329,477)
Loan Repayments		(85,440)	(344,790)
Net cash outflow by financing activities		(856,381)	(1,259,466)
Net increase/(decrease) in cash and cash equivalents		1,726,809	(840,744)
<b>Cash and Cash Equivalents</b>			
Cash and Cash Equivalents at the Beginning of Period		1,592,004	2,432,748
Cash and Cash Equivalents at the End of Period		3,318,813	1,592,004
Net increase/(decrease) in cash and cash equivalents		1,726,809	(840,744)

# Notes to the Financial Statements

## Lake Rotoaira Forest Trust Group For the year ended 30 June 2021

### 1. Reporting Entity

The financial statements of Lake Rotoaira Forest Trust and its subsidiaries ("the Group") for the year ended 30th June 2021 were authorised for and on behalf of the Trustees on the Trustees on 22 December 2021. The Group was established in New Zealand. It is an Ahu Whenua Trust under the Te Ture Whenua Māori Act 1993 and the financial statements of the Group have been prepared in accordance with that Act.

The nature of the operations and principal activities of the Group is to manage forestry assets on behalf of the beneficial owners.

### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in the New Zealand ("NZ GAAP") and the requirements of the Te Ture Whenua Māori Act 1993.

The financial statements comply with New Zealand equivalents to international Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

For the purposes of complying with NZ GAAP, the Group is eligible to apply Tier 2 For-Profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS RDR")) on the basis that it does not have public accountability and is not a large For-Profit-Public-Sector Entity. The Group has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The financial statements comply with NZ IFRS RDR except that land and improvements is carried at Government Valuation rather than fair value as required by NZ IAS 16 *Property, Plant and Equipment*.

#### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 30 June each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies to obtain the benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In preparing the consolidated financial statements, all intergroup balance and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred from the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

#### Historical Cost

These financial statements have been prepared on a historical cost basis except for forest crop, certain investments and carbon which are recognised at fair value. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

#### Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

### Stumpage Income

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer.

### Interest Income

Interest income is recognised as interest accrues using the effective interest method.

### Dividend Income

Dividend income is recognised when the Trust's right to receive the payment is established.

### Rental Income

Rental income is accounted for on a straight-line basis over the lease term.

### Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal outstanding amount.

The Group initially measures a financial asset at its fair value plus transactions costs.

#### Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group recognises an allowance for expected credit losses (ECLs) for financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applied a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognised an allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors economic environment.



The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

#### **Derecognition**

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full; and has either transferred substantially all the risks and rewards of the assets, or has transferred control of the asset.

#### **Financial Liabilities**

After initial recognition, the Group's financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate method amortisation is included within interest expense in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

#### **Land and Improvements**

Land and improvements are measured at Government valuation. Improvements are depreciated on a straight line basis at a rate of 3%.

#### **Carbon Intangible Assets**

Carbon intangible assets comprise carbon credits owned by the Trust, or New Zealand emission Units (NZUs). The NZUs are an intangible assets which are attributable to the forestland which was forested pre-1990 and which are separately identified from the forest land. The asset is recognised in the Statement of Financial Position at fair value upon initial recognition when the asset becomes receivable. The intangible assets are subsequently measured at fair value.

The asset is deemed to have an indefinite useful life, and consequently will not be amortised. Based on analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows, as the economic benefits of the units are not consumed while the units are held, but are realised by either surrendering units to settle obligations incurred through harvest or selling units to a third party.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the profit or loss in the year the asset is derecognised.

Any revaluation increment on revaluation of NZUs is recognised in other comprehensive income, except to the extent that it reserves a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is recognised in other comprehensive income to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings

## Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## Impairment of non-financial assets

At each reporting date the carrying amounts of intangible and non-tangible assets are reviewed to determine whether there is any indication of impairment. If such indication exists for an asset, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the reported profit or loss.

## Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investment in associates are accounted for using the equity method. The investment is initially recognised at cost. The carrying amount is subsequently adjusted to recognised changes the Group's share of the associate's net assets since acquisition date. The Group's share of the results of the associate's operations are recognised in the profit or loss. Any change in other comprehensive income of the investee is presented as part of the Group's other comprehensive income.

## Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of receipt or payment for 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 profit or loss.

## Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

## Taxation

The income tax expense charged to the Statement of Comprehensive Income includes both the current year's provision and the income tax effect of temporary differences calculated using the liability method. Tax effective accounting is applied on a comprehensive basis to all temporary differences.

## Current Income Taxes

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. The Trust entered the Māori Authority regime on 1 April 2004. The current legislation tax rate of 17.5% applies.

## Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

## 3. Significant Judgments and Estimates

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgement's, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material information on significant judgement's, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

Estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

## Forest Crop

The Trust's forest interests, both its share of the Crown Lease crop and its wholly owned forest crop, are recognised at fair value as determined by Indufor Asia Pacific Ltd. The basis of the valuation is the excess of the net present value of the future cash inflows from the sale of logs from the planted forest crop, over the future costs of silviculture, harvesting, transportation and marketing, with the forest valued as a single estate, combining the future management plans of the Crown Lease forest crop and the Trust-owned forest crop. As per the Crown lease, the valuation assumes the Crown received 71.5% and the Trust 28.5% of the stumpage derived from the remaining crop, while the Trust will receive 100% of the stumpage from the wholly owned crop once harvesting of that crop commences in 2026.

The value was determined by applying a discount rate of 7.0% (2020: 7.5%) to real pre-tax cash flows determined as described above.

The forest is predominantly *Pinus radiata* stands, which have been divided into crop-types each describing a combination of inherent productivity of the site, the type of management regime applied, and the terrain of the stand. Harvesting is modelled for the full estate in a manner which enables a sustainable annual cut into the future. To achieve this, it allows individual stands to be harvested at different ages, within an upper and lower age limit.

The timing convention used in the cash flows is one which assumes costs, revenues and yields occur at the beginning of the year. Log prices assumed in the valuation have been independently assessed by Indufor Asia Pacific Ltd and are based on the long-term averages for prices actually achieved from harvesting in the forest to date, and their knowledge of the wider domestic and international trends. The value is seen to be sensitive to the log prices and discount rate assumed for the calculation. The selected prices and discount rate are appropriate for determining the current market value of the forest.

The valuation represents the market value of the trees only and does not include the value of the land on which the trees are growing.



## Leases

The Group entered in to lease contracts for vehicle and office rights. the Group applies NZ IFRS 16 to leases.

The Group recognised the lease liability and the right of use assets for the Vehicle and Office leases where the right of use assets were recognised based on the amount equal to the lease liability. Lease liability were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Based on the above, as at 30 June 2021,

- Right of use assets of \$93,613 were recognised and presented in the statement of financial position.
- Additional lease liabilities of \$95,927 were recognised.

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The LRFT Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make the lease payments and right of use assets representing the right to use the underlying assets.

### Right-Of-Use Assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date where the underlying asset is made available for use). Right of use assets are measured at cost less any accumulated depreciation or impairment losses and adjusted for any remeasurement of lease liabilities. The cost of the right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the underlying assets.

If ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the underlying asset.

The right of use assets are also subject to impairment. Refer to the accounting policies in Note 2.

### Lease Liability

At the commencement date of the lease, the Group recognises the lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depends on an index or a rate, and amounts are expected to be paid under residual value guarantees. The lease payments also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease terms reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there is a modification, a change in lease term, a change in lease payments, or a change in the assessment of an option to purchase the underlying asset.

### Short-Term Leases and Leases of Low Value Assets

The Group applies the short-term lease exemption to its short-term leases, (i.e those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value assets recognition exemption to leases that are that are considered to be of low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

**Estimating the Incremental Borrowing Rate (IBR)**

Where the Group cannot readily determine the incremental borrowing rate implicit in the lease, it uses its incremental borrowing rate to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are made available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Prior Period Comparatives**

Prior period comparatives have been adjusted to correctly align with the current year disclosures in the financial statements.

	2021	2020
<b>4. Operating Income</b>		
Access Income	908	18,050
Lake Easement Income	-	42,114
Other Income	228,567	144,907
Rangipō North 4C/5C/6C/7C Income	151,789	250,533
TPK Whenua Maori Fund Contract	72,450	-
Stumpage	4,553,930	2,801,294
<b>Total Operating Income</b>	<b>5,007,644</b>	<b>3,256,898</b>

	2021	2020
<b>5. Operating Expenses</b>		
General Expenses	317,651	244,255
Management and Administration	281,174	250,375
Owner Communication	36,296	41,065
Trustee Honoraria and Meetings	214,043	243,652
Professional Fees	262,955	224,856
Forestry Expenses	2,237,673	2,142,889
Projects	75,203	217,045
<b>Total Operating Expenses</b>	<b>3,424,995</b>	<b>3,364,137</b>

## 6. Property, Plant and Equipment

	Land and Improvements	Right of Use of Asset - Vehicle	Right of Use of Asset - Office	Plant and Equipment	Carpark Development	Total
Balance 30 June 2019	17,566,558	-	-	-	-	17,566,558
Additions	-	-	-	74,374	-	74,374
Revaluation	2,699,542	-	-	-	-	2,699,542
Balance 30 June 2020	20,266,100	-	-	74,374	-	20,340,474
Additions	-	27,860	74,514	15,209	65,669	183,252
Disposals	-	-	-	(44,991)	-	(44,991)
Revaluation	285,000	-	-	-	-	285,000
<b>Balance 30 June 2021</b>	<b>20,551,100</b>	<b>27,860</b>	<b>74,514</b>	<b>44,592</b>	<b>65,669</b>	<b>20,763,735</b>

## Accumulated Depreciation

	Land and Improvements	Right of Use of Asset - Vehicle	Right of Use of Asset - Office	Plant and Equipment	Carpark Development	Total
Balance 30 June 2019	1,098,340	-	-	-	-	1,098,340
Depreciation	58,080	-	-	27,508	-	85,588
Balance 30 June 2020	1,156,420	-	-	27,508	-	1,183,928
Depreciation	60,480	1,565	7,196	2,197	-	71,438
Disposals	-	-	-	(15,001)	-	(15,001)
<b>Balance 30 June 2021</b>	<b>1,216,900</b>	<b>1,565</b>	<b>7,196</b>	<b>14,704</b>	<b>-</b>	<b>1,240,365</b>

## Net Book Value

	Land and Improvements	Right of Use of Asset - Vehicle	Right of Use of Asset - Office	Plant and Equipment	Carpark Development	Total
30 June 2020	19,109,680	-	-	46,866	-	19,156,546
<b>30 June 2021</b>	<b>19,334,200</b>	<b>26,295</b>	<b>67,318</b>	<b>29,888</b>	<b>65,669</b>	<b>19,523,370</b>



	2021	2020
<b>7. Forest Crop</b>		
<b>Forest Valuation</b>		
Owned Forest Crop	74,187,200	48,257,500
Share of Joint Venture Forest Crop	15,561,800	14,009,600
<b>Total Forest Valuation</b>	<b>89,749,000</b>	<b>62,267,100</b>
<b>Forest Movement</b>		
Forest Crop 1 July 2020	62,267,100	51,332,050
Revaluation	32,035,830	13,736,344
Harvest	(4,553,930)	(2,801,294)
<b>Closing Balance</b>	<b>89,749,000</b>	<b>62,267,100</b>

**8. Leases**

Set out below are the carrying amounts of the lease liabilities recognised and the movements during the period.

	2021	2020
<b>Lease Liability</b>		
Opening Carrying Amount	-	-
Additions	95,927	-
Lease Payments	-	-
<b>Closing Lease Liability</b>	<b>95,927</b>	<b>-</b>
	<b>2021</b>	<b>2020</b>
<b>Current Portion</b>		
Current Portion	13,407	-
Non Current Portion	82,520	-
<b>Total Current Portion</b>	<b>95,927</b>	<b>-</b>

Refer to Note 6 for right of use lease assets

	2021	2020
<b>9. Investments in Managed Investment Portfolios</b>		
<b>Investments at fair value through profit or loss</b>		
Cash	11,892,721	7,286,553
Fixed Interest	5,759,196	5,565,586
Australian Equities	899,034	838,443
Property Portfolio	345,097	460,570
NZU Money Market	-	4,877,996
International Equities	2,293,305	1,879,181
Māori Direct Investment Fund	135,153	53,185
<b>Total Investments at fair value through profit or loss</b>	<b>21,324,506</b>	<b>20,961,514</b>
<b>RAL Infrastructure Bond - Amortised Cost</b>		
Investment RAL infrastructure bond	1,002,471	1,000,000
<b>Total RAL Infrastructure Bond - Amortised Cost</b>	<b>1,002,471</b>	<b>1,000,000</b>
<b>Total Investments in Managed Investment Portfolios</b>	<b>22,326,977</b>	<b>21,961,514</b>

## 10. Reserves

### Nature and purpose of carbon revaluation reserve

The carbon revaluation reserve is used to record the excess valuation of carbon assets over their cost. The carbon revaluation reserve does not reclassify to profit and loss in subsequent periods.

## 11. Contingent Liabilities

At balance date there are no known contingent liabilities (2020: none)

	2021	2020
<b>12. Cash and Cash Equivalents</b>		
Bank of New Zealand - Current Account	3,085,433	651,474
Bank of New Zealand - Call 25 Account	14,762	749,010
Bank of New Zealand - LRFT Land Holdings Limited	181,358	153,839
Deloitte Distribution Account	117	-
National Australia Bank Ltd	37,719	37,687
Bank of New Zealand - Credit Card	(576)	(6)
<b>Total Cash and Cash Equivalents</b>	<b>3,318,813</b>	<b>1,592,004</b>
	2021	2020

## 13. Trade and Other Debtors and Other Current Assets

Trade and Other Debtors	186,493	1,282,695
Prepayments	7,700	5,873
<b>Total Trade and Other Debtors and Other Current Assets</b>	<b>194,193</b>	<b>1,288,568</b>

As at 30 June 2021 and 2020 all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

**14. Capital Commitments**

At balance date there are no known capital commitments (2020: none).

**15. Taxation**

	2021	2020
<b>(a) Components of Income Tax Expense</b>		
Current Tax	-	(3,968)
Deferred Tax	6,018,408	1,939,820
<b>Income tax expense</b>	<b>6,018,408</b>	<b>1,935,852</b>

	2021	2020
<b>(b) Reconciliation of Income Tax Expense</b>		
Net Profit before Income Tax	32,437,336	13,314,629
Income Tax using Māori Authority Tax Rate @ 17.5%	5,676,534	2,330,060
<b>Tax Adjustments</b>		
Forestry capital adjustment	(398,469)	(245,113)
Investment Income	(88,052)	(32,255)
Other	828,395	(116,840)
<b>Total Tax Adjustments</b>	<b>341,874</b>	<b>(394,208)</b>
<b>Income tax expense</b>	<b>6,018,408</b>	<b>1,935,852</b>

**(c) Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities disclosed in the statement of financial position are a combination of deferred tax on unused tax losses and deferred tax on temporary differences.

	2021	2020
<b>Deferred Tax Liability</b>		
Opening Deferred Tax Liability	8,586,647	6,546,827
Deferred Tax Expense	6,018,408	1,939,820
<b>Closing Deferred Tax Liability</b>	<b>14,605,055</b>	<b>8,586,647</b>

	2021	2020
<b>Reconciliation of Deferred Tax</b>		
<b>Deferred tax at 30 June relates to the following:</b>		
Revaluation of Forest Crop	15,869,390	9,667,570
Tax Losses	(1,256,476)	(1,080,923)
Finance Leases	(5,077)	-
Provisions	(2,782)	-
<b>Net Deferred Tax Liability</b>	<b>14,605,055</b>	<b>8,586,647</b>



**16. Loans****BNZ Loan Taurewa /Waituhi/Pureora South**

- Loan drawdown 30 June 2019 \$990,000
- Term: 5 years to 26 June 2023
- Interest Rate: 3.36% per year as at 30 June 2021 (2020: 4.55%)
- Customised average rate loan
- General Security Agreement number: 000306840-03003

	2021	2020
<b>BNZ Loan Taurewa/Waituhi/Pureora South</b>		
Loan Draw Down	990,000	990,000
Less: Principal Paid	(242,880)	(157,440)
Transfer to current portion	(61,275)	(80,880)
Non-current portion	685,845	751,680

**17. Investment in Associates**

	2021	2020
<b>The Weighbridge Company - Shareholding 25%</b>		
Share at Cost	108,375	108,375
Share of Equity	124,410	112,108
Share of Net Surplus After Tax	33,665	12,302
Dividend Received	(48,769)	-
Closing Balance	109,306	124,410

The principal activity of The Weighbridge Company Limited is to operate a weighbridge facility.

	2021	2020
<b>Lake Taupo Forest Management - Shareholding 30%</b>		
Share at Cost	15,000	15,000
Share of Equity	2,191,534	1,379,932
Share of Net Surplus After Tax	2,402,591	602,770
Share of Other Comprehensive Income	-	208,832
Advances	6,993,658	6,296,542
Closing Balance	11,587,783	8,488,076

The principal activity of Lake Taupo Forest Management Limited is forestry consultancy, management and advice.

	2021	2020
<b>18. Rafting New Zealand</b>		
Share at Cost	3,900	3,900
Share of Equity	23,427	-
Share of Net Surplus After Tax	3,900	23,427
Purchase of remaining assets and liabilities	(27,327)	-
Closing Balance	-	23,427

The principal activity of Rafting New Zealand is limited to tourist operations. During the month of April 2021, the Trust purchased the full rights to all assets of the Rafting NZ Ltd.

### 19. Other Investments

	2021	2020
<b>Te Karehana Tours</b>		
Investment	445,376	445,376
Closing Balance	445,376	445,376

The principal activity of Te Karehana Tours is Tourism transport and car parking.

	2021	2020
<b>20. Trade Creditors and Payables</b>		
Trade Creditors	511,423	751,984
Other Payables	240,541	203,671
Total Trade Creditors and Payables	751,964	955,655

	2021	2020
<b>21. Unclaimed Distributions</b>		
Balance Unclaimed Dividends	3,139,489	2,949,272
<b>The Trust has resolved to apply surplus funds to the distribution of grants, as follows:</b>		
Current Year Distribution	750,000	750,000

## 22. Financial Instruments

The carrying amount of all financial instruments are equivalent to their fair value. The carrying amounts presented in the Statement of Financial Position relate to the following categories of financial assets and liabilities.

	2021	2020
<b>23. Financial Assets At Amortised Cost</b>		
Cash and Cash Equivalents	3,318,813	1,592,004
Trade and Other Debtors	186,493	1,282,695
Advances to Lake Taupo Forest Management Limited	6,993,658	6,296,542
Advances to Tuwharetoa Property Investment Limited	500,010	500,010
RAL Infrastructure Bond	1,002,471	1,000,000
<b>Total Financial Assets At Amortised Cost</b>	<b>12,001,445</b>	<b>10,671,251</b>

	2021	2020
<b>Financial Assets at Fair Value Through Profit or Loss</b>		
Investments in Managed Portfolios	21,324,506	20,961,514
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	<b>21,324,506</b>	<b>20,961,514</b>

	2021	2020
<b>Financial Liabilities at Amortised Cost</b>		
Trade Payables	511,423	751,984
BNZ Loan Taurewa/Waituhi/Pureora South	747,120	832,560
Unclaimed Dividends	3,139,489	2,949,272
<b>Total Financial Liabilities at Amortised Cost</b>	<b>4,398,032</b>	<b>4,533,816</b>

## 24. Intangible Assets

### Carbon Intangible Asset

The Trust has registered its 9,182 ha of pre-1990 forest land and has received its full allocation of carbon credits for this land. The Trust received 181,700 NZUs for these forest lands. During this financial year no units were sold (2020: 400,000). NZUs remaining at year end amount to 131,700 NZUs.

	2021	2020
<b>Carbon Intangible Asset</b>		
Opening Balance	4,201,230	12,308,855
Revaluation of Carbon Intangible Assets	1,521,135	1,972,375
Carbon Intangible Assets sold	-	(10,080,000)
<b>Total Carbon Intangible Asset</b>	<b>5,722,365</b>	<b>4,201,230</b>



**Goodwill**

	2021	2020
<b>Goodwill NZ Rafting</b>		
Opening Balance	-	-
Additions	282,329	-
Impairment losses	-	-
Closing Balance	282,329	-

**25. Events Occurring After Balance Date**

The loan listed in Note 16 was repaid in full in July 2021.

There have been no other known events after balance date which materially affect these Financial Statements (2020: Nil).

**26. Related Parties**

During the year Lake Rotoaira Forest Trust received operational, forest management and administration and ownership services on a contractual basis from Lake Taupo Forest Trust and Lake Taupo Forest Management Limited.

**Related Accounts Payable includes:**

LTFT \$Nil (2020: \$1,644)

LTFM Ltd \$38,656 (2020:\$73,859)

RN6c \$147,556 (2020: 114,064)

**BIDDLE, HEEMI**

Lake Taupo Forest Trust - Deputy Chairperson

Opepe Farm Trust - Trustee

Ngati Tuwharetoa Genesis Committee - Iwi Appointee

Tongariro Transport Hub - Director

**PITIROI MICHAEL (CEASED 17 SEPTEMBER 2020)**

Lake Taupo Forest Trust - Trustee

Lake Taupo Charitable Trust - Trustee

**SMITH, TYRONNE (BUBS)**

Hautu Rangipo Whenua Ltd - Director

**HARRIS, JUDY**

Lake Taupo Forest Trust - Trustee

Tuwharetoa Property Ltd - Director

Lake Taupo Charitable Trust - Trustee

The Weighbridge Company Ltd - Director

**O'CONNOR RICHARD**

LRFT Land Holdings Ltd - Director

**TUPARA JOHN**

Lake Taupo Forest Trust - Trustee

Tongariro Transport Hub - Director

**LRFT Land Holdings Limited**

LRFT Land Holdings Limited is a 100% owned subsidiary of Lake Rotoaira Forest Trust and has been consolidated into these financial statements. The principal activity of the Trust is to hold freehold land acquired by the Lake Rotoaira Forest Trust. LRFT Land Holdings Limited is incorporated in New Zealand.

**Tongariro Transport Hub (2019) Limited Partnership**

Tongariro Transport Hub (2019) Limited Partnership is a 100% owned subsidiary of Lake Rotoaira Forest Trust and has been consolidated into these financial statements. The principal activity of the Partnership is to operate a transport and carpark facility. The Partnership is incorporated in New Zealand.

**Advance to Tuwharetoa Property Investment Limited**

Lake Rotoaira Forest Trust advance \$500,010 (2020: \$500,010) to LRFT Land Holdings Limited to invest in Tuwharetoa Property Investment Limited Partnership. The advance represents a 3.37% interest in Tuwharetoa Property Investment Limited Partnership, is interest free and repayable on demand.

The Maori Land Court issues the Trust Order. Together with Te Ture Whenua Maori Land Act 1993 and the Trustee Act 1956, the Trust Order provides the constitutional and operational framework for all Trust operations. The current Trust Order was issued on 16 April 2018.

## TRUST GOVERNANCE

The Trustees' duties and powers are set out in the Trust Order. The work done for the Trust must comply with the Order.

The enterprises permitted by the Trust Order are forestry, tourism or recreational development and other commercial ventures. This allows uses for the non-forest blocks to be researched and developed. Any new proposed developments are researched, analysed by the Trustees then referred to the owners in a general meeting before proceeding. The development of economic opportunities must be consistent with the Trust's core principles of kaitiakitanga, sustainable growth, owner benefits and professionalism.

## FINANCIAL

All authorities for payments from Trust funds originate in the Trust Order. It sets out, among other matters:

- costs of administration and business expenses;
- provision for capital reserves for future forestry and developments;
- the formulae for allocating community purposes funding;
- the formula for distributions to owners;
- provision for Trustees' fees and expenses;
- requirements for annual financial reporting and audit.

## TRUSTEES' APPOINTMENTS

The Trust Order requires that Trustee elections be held by postal ballot every three years. The Maori Land Court then considers those election results and makes appointments that accord with the

owners' wishes. The next election will take place in 2022.

## LAND SCHEDULES

The land blocks listed in the Trust Order are divided into three schedules with different uses and sources of income.

### FIRST SCHEDULE

The First Schedule blocks were included in the Trust for afforestation. Most were suitable for afforestation and were leased to the Crown and planted. They are now gradually being released from that lease (see the Early Crown Exit section in the Forestry Report).

While some blocks and parts of blocks proved unsuitable for afforestation, together they contributed to the viability and environmental management of Lake Rotoaira Forest. As the first rotation is completed in the forest, the First Schedule blocks are being reassessed. These blocks are the source of most of the Trust's income, and their owners receive income distributions from them.

### SECOND SCHEDULE

The 12 Second Schedule blocks, situated around Lake Rotoaira, were vested in the Trustees for settlement of compensation and could not be leased or developed for forestry. The Trustees therefore ensure that the local and regional councils remit rates on these lands.

### THIRD SCHEDULE

The Third Schedule blocks are south of Tūrangi on either side of the Desert Road. They were vested in the Trust for the purpose of land exchange negotiations with the Crown in the 1980s, which came to nothing.

All these blocks receive rates remissions. Rangipō North 6C produces income from a quarry.

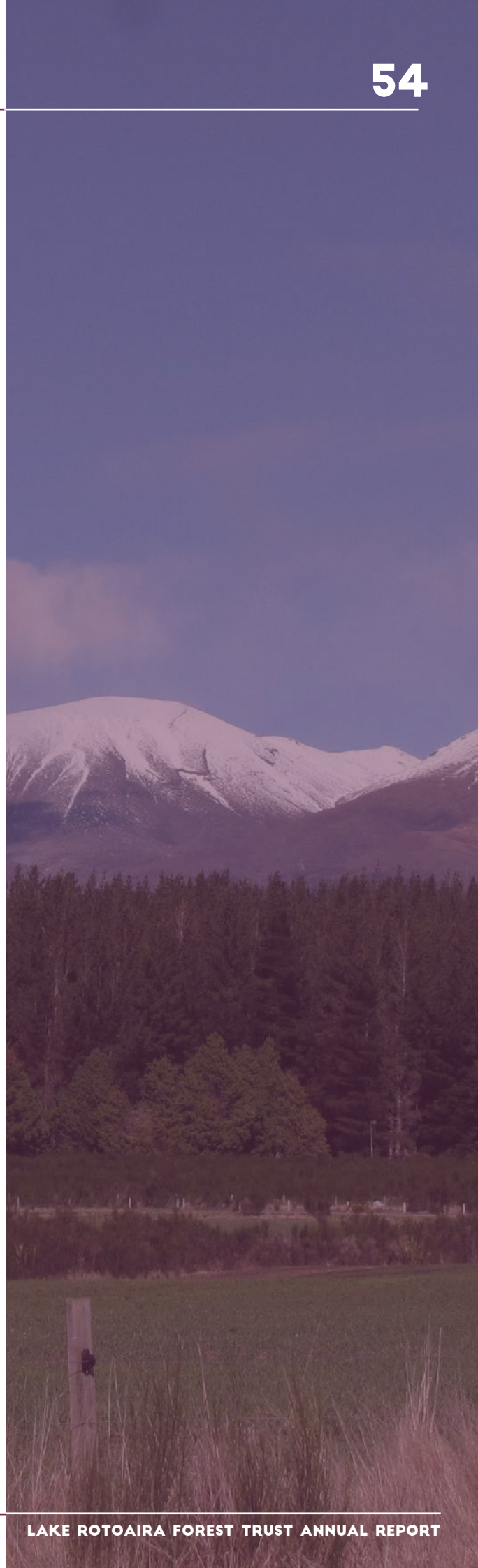
Any proposals for development of Second or Third Schedule blocks will be assessed by the Trustees under their land-use policy and referred to the owners of the block concerned.

## **CROWN ENCLAVES**

The Trust has acquired four parcels of Crown-owned land, together known as the Crown Enclaves, which are adjacent to Lake Rotoaira Forest Trust lands. The lands became available through the Treaty of Waitangi Deferred Settlement Property process during 2013–14 and are a mixture of forestry, quarry and reserve lands. Discussions are underway with Ngāti Hikairo about returning to them one of the blocks, which contains the wāhi tapu known as the Huimako Cliffs.

## **WAIONE BLOCK**

This block was leased by Lake Rotoaira Forest Trust from the Waione Incorporation, sub-leased to the Crown and planted. In accordance with these arrangements, the Waione Incorporation receives a distribution proportionate to its land area in the forest. The Trust is pleased to have concluded discussions with the Waione Incorporation, which had agreed in 2015 to extend the lease to 2050 to allow a full rotation forest on the land and give the Trust a right of renewal for a further rotation.





FIRST SCHEDULE		
1	Mangahouhou 2A	30 Oraukura 2
2	Mangahouhou 2B	31 Oraukura 4
3	Mangahouhou 3A	32 Papakai 1
4	Mangahouhou 3B	33 Pukawa 2F
5	Mangahouhou 3C	34 Pukawa 2G1
6	Mangahouhou 3D	35 Pukawa 2G2
7	Ngapuna	36 Puketi 2A2
8	Ohuanga 2D1B2B & 2J2	37 Puketi 2B2
9	Ohuanga South 2D1A1	38 Rangipo North 1C2
10	Ohuanga South 2D2B	39 Rangipo North 1C3
11	Ohuanga South 2F1	40 Rangipo North 2C1C2
12	Ohuanga South 2G1	41 Rangipo North 2C1D
13	Ohuanga South 2H1A	42 Rangipo North 2C2B2
14	Okahukura 2A	43 Rangipo North 2C3B
15	Okahukura 2B2B	44 Rangipo North 2C3C
16	Okahukura 2B2C	45 Rangipo North 2D1
17	Okahukura 2B2D	46 Rangipo North 2D2
18	Okahukura 3A	47 Rangipo North 2D3
19	Okahukura 4A	48 Rangipo North 3C
20	Okahukura 4B1	49 Ruamata
21	Okahukura 4B2	50 Section 1 Block V Pihanga Survey District
22	Okahukura 5A	51 Tokaanu B2M8
23	Okahukura 5B	52 Tokaanu B2M9
24	Okahukura 6A2	53 Tokaanu B2M10
25	Okahukura 8M2B2A	54 Waihi Kahakaharua 4B
26	Okahukura 8M2B3A1	55 Waihi Kahakaharua 5
27	Okahukura 8M2B3A3	56 Waihi Kahakaharua 6A
28	Okahukura part 8M2B3B2	57 Waihi Kahakaharua 6B
29	Okahukura 8M2C2B2	58 Waihi Kahakaharua 7
59	Waihi Kahakaharua part 9C (Southern Severance)	69 Waione (Waione Incorporation - under lease)
60	Waimanu 1A	
61	Waimanu 2C	
62	Waimanu 2F1	
63	Waimanu 2F2	
64	Waimanu 2G1	
65	Waimanu 2G2	
66	Waimanu 2G3A	
67	Waimanu part 2G3B	
68	Waiunu	
SECOND SCHEDULE		
70	Okahukura 1B	
71	Okahukura 8M2B3A2	
72	Okahukura 8M2B3B	
73	Puketi 1	
74	Rangipo North 1C1A	
75	Rangipo North 2C1B	
76	Rangipo North 2C1C1	
77	Rangipo North 2C3A1	
78	Rangipo North 2c3A2	
79	Waimanu 2A	
80	Waipapa 2C2B	
81	Waipapa part 2B2C	
THIRD SCHEDULE		
82	Rangipo North 4C	
83	Rangipo North 5C	
84	Rangipo North 6C	
85	Rangipo North 7C	





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