

**Whai Rawa** NGĀI TAHU  
Annual Report 2014



## From the Whai Rawa Fund Limited Chair

Whai Rawa Fund Limited (WRFL) operates under a mandate from Te Rūnanga Whai Rawa. It has been my privilege to be the Chair of the WRFL Board since its

inception and to help oversee its growth.

The financial year covered by this annual report can be characterised as one of steady growth in membership, whānau contributions and a good level of return on funds invested. The board completed an evaluation to gain a better understanding of the barriers deterring whānau from joining and saving with Whai Rawa. We've learnt from this that 'the single biggest reason for people not having joined is that 'they haven't got around to it'. That's why we're increasing our efforts to connect with potential members by undertaking more visits around the country. The evaluation has also confirmed that for some, availability of funds limits what, if anything, they can save.

Recognising this we are taking more steps to encourage and support whānau to save any amount they can. Understanding that a small amount saved regularly can make a large difference to future wealth and wellbeing is one of the keys to growing healthy savings habits.

This ties in with our wider financial education initiatives and we are particularly excited about the development of Tairākau, our digital financial literacy programme. Due for launch late 2014 and aimed initially at those aged 16-25, Tairākau will enable us to better engage with those who have to date, had limited engagement with financial literacy initiatives.

We also continue to look at options for providing investment choice in the future. Providing choice has always been a question of when rather than if, and we will be implementing initiatives aimed at growing understanding of the implications of investment choice both in relation to Whai Rawa and beyond.

The financial statements are included in this annual report and I am delighted to report that once again we received a clean audit report. We have provided some explanatory text to make these statements easier to read however we appreciate they are complex. We therefore encourage members to contact the Whai Rawa team if they want to get a better understanding of the financial statements.

Thank you again to all those of you who have made the effort to join and save and remember to keep spreading the word so that all of Ngāi Tahu Whānau Whānui can benefit from this great initiative.

Diana Crossan



## From the Kaiwhakahaere

A core principal of Whai Rawa is manaakitanga; ensuring that our future generations are well looked after. By teaching our tamariki to save, we hope that they too, will

be able to pass on the necessary skills to other members of their whānau. Whai Rawa exists as a means for our whānau to be financially prepared for the future, so it is important that members continue to save for their own key long-term goals - goals that will benefit all of the whānau. The continued growth in Whai Rawa membership means there are now more than 19,000 members ranging from tamariki to kaumātua; this growth in numbers is extremely pleasing. Whānau contributions are also growing with over \$3 million deposited in the financial year to 31 March, up \$500K on the previous year.

Currently the total monetary value of the Whai Rawa savings fund stands in excess of \$35 million and over \$3 million have been paid out to whānau for tertiary education, home ownership and age 55+ withdrawals.

In June our valued kaumātua Tā Tipene O'Regan retired from his role as one of the Whai Rawa board members. Tā Tipene has been a respected member of the board, his guidance and contributions have been integral to the ongoing success of Whai Rawa, and we thank him for his leadership. Fiona Pimm has since been welcomed as a new member of the board. Her role commenced at the beginning of July.

Whānau will already have noticed the re-designed Whai Rawa website. One of the newest features online is the interactive savings calculator. This tool is extremely important as it aims to illustrate the benefits of being a part of Whai Rawa. It also allows each member to estimate how their savings might grow depending on how much they are able to contribute.

Although there is already a large number of iwi members registered with Whai Rawa, we would still like all to seize the opportunity and be a part of the tribal scheme. The more whānau that connect and invest with Whai Rawa, the greater our chances are of having a prosperous future together so please help us by continuing to share the good news about Whai Rawa.

Sir Mark Solomon



*He tangata whai rawa, he tūmanako hou*  
A person with assets is able to hope anew

**Josh Munro** (Ngāi te Ruahikihiki, Ngāti Hateatea) and Anna Munro have bought their first home in Melbourne, Australia.

And what has really helped them out, is being able to draw down on Josh's Whai Rawa account, and add a sizable chunk to their mortgage deposit.

Josh says the Whai Rawa team was really friendly and helpful in guiding them through the process and the one-on-one assistance was great.

"As well as the first home owner grant that we can get here in Australia, the bank was also able to factor in my Whai Rawa savings when we were going through the process of being approved for a mortgage. Just being able to access that money in New Zealand was really handy."

*"My father got us into Whai Rawa really early on, I think way back when it started. He is pretty onto it like that."*

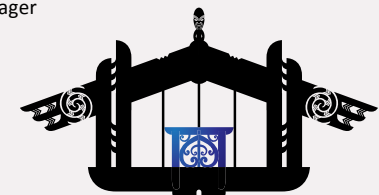
Josh says he had been chipping away over the years contributing \$20 a week into his Whai Rawa account.

"My father got us into Whai Rawa really early on, I think way back when it started. He is pretty onto it like that," says Josh.

The 32-year-old Civil Engineering graduate and Project Manager

has been able to follow through on the whānau tradition – starting up Whai Rawa accounts for both their children, Nico and Madison, with a view to helping to fund their tertiary education.

And right now, the young family are enjoying barbecues with family and friends in their new investment.



\$35 million  
in members' funds



*He tangata whai rawa, he tūmanako hou*  
A person with assets is able to hope anew

**Myra Dick** (Waitaha, Kāti Mamoe, Kāi Tahu) has been committed to helping wahine Māori for many years and now despite officially being 'retired' that kaupapa continues.

Growing up in the deep south in a large whānau has many advantages, and when you're the seventh child of sixteen you learn how to look after others, especially younger children. This kaupapa became a part and parcel of who Myra is,

as her long involvement with The Māori Women's Welfare League demonstrates.



In the early 1990s, Myra was appointed the first manager of Whakatu Māori Women's Welfare League (later Whakatu Te Korowai Manaakitanga Trust) with a focus on helping young Māori women and children. Back then kaupapa Māori organisations had to prove themselves, a lot more so than today, and build trust with government departments by showing that they could deliver positive outcomes and results. Starting with one temporary staff member Myra set out to do that and by the time of her retirement she'd seen her team grow to 16 staff, and the acceptance of their work also grow.

The Trust offers support in many ways, from polytechnic courses to mentors, all designed to help the women seeking support to find their feet and realise that there are pathways that lead to better futures.

One major focus for Myra and her mahi with whānau was on teaching about budgeting and how to save and manage money. "Often difficult situations can be worse if there are also money issues. Learning to control the budget even on modest incomes creates feelings of empowerment and makes major differences for all members of a whānau" says Myra.

"Even if \$5.00 can be saved regularly it can grow to a good sum over time and that can create choices for people".

Having this experience with teaching about budgeting gave Myra great insight into the role of saving as a motivator for change. When Ngāi Tahu introduced Whai Rawa, Myra was quick to join and ensure her whānau did too. "Whai Rawa is a great initiative that nurtures the young and creates benefits for the mokopuna and generations to come whether it be via education, home buying or retirement. It makes me so proud to be Ngāi Tahu".

*"Whai Rawa is a great initiative that nurtures the young and creates benefits for the mokopuna and generations to come whether it be via education, home buying or retirement. It makes me so proud to be Ngāi Tahu"*

Myra hasn't utilised her Whai Rawa savings as yet. "I may use them for a special trip but I would also get great satisfaction from using my money to help my whānau with their education or buying a first home. It's great to have that choice".

Myra also has high praise for the Kaumātua Grants. "It's lovely for our iwi to do this because it shows respect for our elders" and gives something without anybody having to ask."



*He tangata whai rawa, he tūmanako hou*  
A person with assets is able to hope anew

**Donna Kerrison** is fulfilling her dream of assisting people into better employment pathways through her innovative and inspiring work: Māori and Pacific Jobs. Donna, whose whakapapa connects her to Ngāi Tahu (Kati Huirapa), Ngāti Tūwharetoa (Ngāti Hikairo and Ngāti Turangitukua) and Muaupoko, also sees Whai Rawa as a key to her dream and the dreams of others.

Four years ago Donna was asked to develop Māori Pacific Jobs because the owners saw a need that wasn't being catered for, and since that time has seen business grow strongly and really make a difference for many. "I wanted to help Māori and Pasifika peoples by providing a dedicated job board for them, to inspire them, and to show where opportunities are. We advertise all University of Auckland, AUT University's and the Ministry of Education's vacancies. Some of the UoA's academic vacancies possibly don't even have one single Māori qualified to do that role, however the University continues to advertise all their jobs because they want to inspire our youth. I love that kaupapa."



*15 withdrawals for the year from Australian members*

Donna also understands that being able to contribute to the growth of the Maori economy is important because of what it gives back to Māori communities and the country as a whole. She sees the same benefit in Whai Rawa. "By encouraging and inspiring people to attain better educational outcomes Whai Rawa can make a big difference to the future wellbeing of whānau. It's never too early for people to start thinking about the various career pathways they can take."

Donna's also a big believer in finding mentors and role models to inspire taiohi (youth). "If there's no one in your immediate whānau, look to your wider whānau and hapū, and to your local kura and community. Never underestimate the difference one person can make in inspiring change."

*"Whai Rawa is pretty easy to use. Small contributions add up and the matched saving scheme really does encourage me to ensure I at least save that minimal amount."*

Inspiring taiohi is also one of the reasons Donna's whānau have all become members and savers within Whai Rawa, even her 14 month old nephew. An even bigger driver was the recommendation of her mother, Georgina Te Aute Kerrison, that the whānau all join. As Donna says, "Mum pushed us to join – she said we should, we listened to her and enrolled and I am very pleased we did. Joining Whai Rawa and becoming regular savers has helped bond us, give us a sense of shared purpose, and helped remind us where we come from."



*1000+ Retirement withdrawals*

“My entire whānau are regular savers and this builds strong habits and accumulates funds so that we will have more opportunities in the future whether it’s to buy a house, study or put some money away for later. The key is to stick with saving once started, to make it a habit.”

“All of the withdrawal options are useful, and we as a whānau will utilise Whai Rawa as much as we can to help us with all of these life events. For instance, my eldest niece is looking towards university and Whai Rawa will help her with that. When we’re little, all we want to be is nurses, firefighters, teachers or police officers but it’s important to be aware of all the possible pathways that lay ahead of us and our tamariki.



As they grow and our Whai Rawa accounts grow, I feel pride for my iwi, and proud that my whānau are part of this initiative. Ultimately it’s about tino rangatiratanga, it’s about all of us getting into it, embracing it, and getting out there and building what we want.”

Donna Kerrison has built and runs a business that helps Māori and Pasifika peoples and she is also leading by embracing Whai Rawa.

Thank you for your mahi Donna and your leadership.



**Keri Whaitiri** (Ngāi Tūāhuriri) is an enthusiastic member of Whai Rawa, enrolling herself and son Haawi back when it started.

“It’s amazing how quickly your pūtea accumulates over the years, and I have great satisfaction in knowing that Haawi will have a substantial nest-egg for future studies, decreasing the risk that a student loan will burden him after he finishes studying. This will allow him the flexibility to choose his own path in life with a degree of financial security and minimal hesitation.”

Keri has already accessed her Whai Rawa account for a tertiary education withdrawal. “With a background in mainstream architecture my Whai Rawa drawdown helped cover costs while I did the total immersion ‘Ākona Te Reo’ studies at CPIT in 2012. This gave me the grounding and confidence to explore contemporary spatial design from a specifically Māori perspective. I’m now completing a landscape architecture degree at Lincoln University and this foundation in te reo has acted as a key to exciting new approaches to design.”

“Looking ahead I’ll probably use future pūtea for post graduate studies and hope that Haawi will use his for studies too.”

# WHAI RAWA UNIT TRUST

Financial Statements For The Year Ended 31 March 2014

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WHAIRAWA UNIT TRUST

Balance Sheet

as at 31 March 2014

	Notes	2014 NZ\$	2013 NZ\$
<b>ASSETS</b>			
Cash and Cash equivalents:			
- Cash at Bank (New Zealand Account)	This represents funds held on call	39,183	31,052
- Cash at Bank (Australian Account)	This represents amounts committed by Te Rūnanga to match savings made by members in the first quarter of 2013 (to be distributed in 2014)	993	1,688
Related Party Receivable - Ngāi Tahu		670,164	647,766
Other Receivables		12,151	10,097
Financial Asset Fair Valued Through Profit (on call Mercer Defensive Fund)	8, 9	35,480,679	28,607,336
<b>Total Assets</b>		<b>36,203,170</b>	<b>29,297,939</b>
less: LIABILITIES			
PIE Tax Payable	These are the funds placed on investment with Mercer and are made up of member and Te Rūnanga contributions plus earnings minus withdrawals	484,087	143,259
Benefits Payable		133	3
Prepaid Contributions		531	-
Related Party Payables - Ngāi Tahu		326,196	722
<b>Total Liabilities</b>		<b>810,947</b>	<b>143,984</b>
<b>TOTAL FUNDS</b>		<b>35,392,223</b>	<b>29,153,955</b>
Represented by:			
Unit Holders' Funds		35,391,793	29,153,381
Reserve Funds		430	574
		<b>35,392,223</b>	<b>29,153,955</b>

The accompanying notes form an integral part of these financial statements.  
The Manager approved the issue of these financial statements on ????

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Date.....  
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Date.....

do I bring in Tim McGuinness and Diana Crossan signatures to go here?

WHAIRAWA UNIT TRUST

Statement of Changes in Total Funds

for the year ended 31 March 2014

	Notes	Unit Holders' Funds NZ\$	Total NZ\$
Balance as at 1 April 2012		23,310,626	23,310,990
Comprehensive income for the year ended 31 March 2013		1,637,359	1,637,569
Plus:			
Contributions from Unit Holders	This is the amount contributed by members	2,602,866	2,602,866
Ngai Tahu annual distribution		665,690	665,690
Ngai Tahu newborn distribution	These are the amounts contributed by Te Rūnanga to member accounts	8,017	8,017
Ngai Tahu matched savings		1,589,964	1,589,964
Less:			
PIE tax payable on behalf of unit holders		(143,584)	(143,584)
Redemptions by Unit Holders		(517,557)	(517,557)
<b>Balance as at 31 March 2013</b>		<b>29,153,381</b>	<b>29,153,955</b>
Comprehensive income for the year ended 31 March 2014		2,132,088	2,131,944
Plus:			
Contributions from Unit Holders		3,100,893	3,100,893
Ngai Tahu annual distribution		607,313	607,313
Ngai Tahu newborn distribution		10,641	10,641
Ngai Tahu matched savings		1,685,194	1,685,194
Less:			
PIE tax payable on behalf of unit holders		(484,038)	(484,038)
Redemptions by Unit Holders		(813,679)	(813,679)
<b>Balance as at 31 March 2014</b>		<b>35,391,793</b>	<b>35,392,223</b>

The accompanying notes form an integral part of these financial statements

WHAI RAWA UNIT TRUST

Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	2014 NZ\$	2013 NZ\$
<b>Investment Income</b>			
Change in fair value of financial asset fair valued through profit	3	2,285,407	1,731,182
<b>OTHER INCOME</b>			
Other interest		1,334	812
Use of Money Interest		-	1
Investment management fee rebate		45,435	37,010
Investment management fee reimbursed	10	-	28,629
Bank charges reimbursed		2,307	11,319
<b>Total Other Income</b>		<b>49,076</b>	<b>77,771</b>
<b>EXPENSES</b>			
Investment management fee		(200,232)	(160,065)
Bank charges		(2,307)	(11,319)
<b>Net Profit before Taxation</b>		<b>2,131,944</b>	<b>1,637,569</b>
Income tax expense		-	-
<b>Net Profit after Taxation</b>		<b>2,131,944</b>	<b>1,637,569</b>
<b>Total Comprehensive Income</b>		<b>2,131,944</b>	<b>1,637,569</b>

This represents the increase of the undistributed earnings on funds invested

This represents expenses met by Te Rūnanga. See note 8 for more information

The accompanying notes form an integral part of these financial statements.

WHAI RAWA UNIT TRUST

Statement of Cash Flows

for the year ended 31 March 2014

	Notes	2014 NZ\$	2013 NZ\$
<b>Cash flows from operating activities</b>			
<b>Cash provided from:</b>			
Interest received		1,334	812
Use of Money Interest		-	1
Reimbursement of costs		60	56,419
Redemption of funds - Mercer		250,000	150,000
<b>less: cash applied to:</b>			
Application of funds - Mercer		(4,994,687)	(4,158,200)
<b>Net cash outflow from operating activities</b>	<b>6</b>	<b>(4,743,293)</b>	<b>(3,950,968)</b>
<b>Cash flows from financing activities</b>			
Contributions received		3,102,488	2,598,738
Ngāi Tahu annual and newborn distributions and matched savings		2,605,000	2,140,000
		5,707,488	4,738,738
<b>less: cash applied to:</b>			
Taxation paid on behalf of unit holders		(144,096)	(248,757)
Withdrawals		(812,663)	(517,444)
		(956,759)	(766,201)
<b>Net cash inflow from financing activities</b>		<b>4,750,729</b>	<b>3,972,537</b>
<b>Net increase in cash held</b>		<b>7,436</b>	<b>21,569</b>
<b>Add cash at start of period</b>		<b>32,740</b>	<b>11,171</b>
<b>Cash and cash equivalents at end of period</b>		<b>40,176</b>	<b>32,740</b>
Cash and Cash Equivalents for the purpose of the Statement of Cash Flows comprise:			
Cash at bank - New Zealand Account		39,183	31,052
Cash at bank - Australian Account		993	1,688
		40,176	32,740

The accompanying notes form an integral part of these financial statements.

## Notes to the Financial Statements

for the year ended 31 March 2014

### 1. Trust Description

The Trust is a unit trust formed under the Unit Trust Act 1960 to operate for the benefit of members by way of encouraging savings for retirement and other benefits. The Trust is domiciled in New Zealand and the address of its registered office is 71 Corsair Drive, Wigram, Christchurch. The Trust was established in 2006 and under the Trust Deed the Trust is to be wound up 80 years from its establishment date.

#### Funding Arrangements

Under the Trust Deed, contributions are made by Trust unit holders and Te Rūnanga o Ngāi Tahu (TRONT) match the contributions to a certain value. For the period ended 31 March 2014, TRONT have matched unit holder contributions at the rate of \$4 for every \$1 contributed by child unit holders, and \$1 for every \$1 contributed by adult unit holders. Each member enrolled with Whai Rawa before their first birthday is entitled to a \$60 newborn distribution (subject to Māori authority tax credits and RSCT deductions). The maximum contribution from TRONT is presently \$200 per Unit Holder plus any annual distribution.

#### Termination Terms

The Trust Deed sets out the basis on which the Trust can be terminated.

#### Changes in the Trust Deed

There have been no amendments to the Trust Deed during the year.

#### Nature of Operations

The Trust obtains funding from its members and TRONT who provide an annual distribution and matched savings distribution on behalf of the members of the Trust. The Trust then invests these funds in highly liquid investments to derive investment income for the members of the Trust.

### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993.

#### Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-orientated entities. The financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board.

#### Measurement Base

The measurement base adopted is that of historical cost modified by the revaluation of investments categorised as financial assets fair valued through profit or loss which are measured at fair value at balance date.

#### Presentational Currency

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Trust operates.

#### Classification of Assets and Liabilities

Assets and liabilities are disclosed in the Balance Sheet in an order that reflects their relative liquidity.

#### Accounting Policies

The following are the significant accounting policies which have been adopted in the preparation of the financial statements:

#### Investments

Investments are recognised and derecognised on the trade date and are initially measured at fair value. Investment fund values are supplied by the Investment Manager Mercer Investment Trust New Zealand. Investments are classified at fair value through profit or loss. Financial assets classified at fair value through profit or loss, are measured at subsequent reporting dates at fair value, which is the exit price at which the investment is quoted. Purchases and sales of investments are accounted for at trade date.

## Notes to the Financial Statements

for the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Cont'd)

#### Measurement

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When measuring the fair value of an asset or liability, the Trust uses market observable data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based upon the inputs used in the valuation techniques as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer a liability takes place either:

- In the principal market of the asset or liability.
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or most advantageous market must be accessible by the Trust.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming market participants act in their economic best interests.

#### Taxation

On 1 October 2007, the Trust became a Portfolio Investment Entity (PIE) and is taxed at prescribed unit holder tax rates rather than a flat rate of 28%.

#### Unit Holders' Funds

The unit holders' funds represent entitlements to unit holders and have been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at balance date.

#### Statement of Cashflows

The cash flows of the Trust do not include those of the investment manager.

The following are the definitions of the terms used in the Statement of Cashflows:

- (a) Cash and cash equivalents comprise cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.
- (b) Operating activities include all transactions and other events that are not financing or investing activities. This includes all interest and dividends.
- (c) Financing activities include activities that result in changes in the size and composition of the contributed equity and borrowings of the Trust.

#### Loans and Receivables

Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any impairment losses. All known bad debts are written off in profit and loss during the period.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows from the asset have been impacted. The amount of the impairment is the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

#### Payables

Trade payables and other accounts payable are initially measured at fair value and are subsequently measured at amortised cost. Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Cont'd)

#### Guaranteed Benefits

No guarantees have been made in respect of any part of the unit holders' funds.

#### Goods and Services Tax (GST)

The Trust is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

#### Contributions and Withdrawals

Contributions and withdrawals are accounted for on an accruals basis.

#### Investment Income

Interest income, distribution income & other income from managed funds are recognised in the Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to the Fund and the income can be readily measured.

#### Distributions

In accordance with the Trust Deed the Trust, at the Trust Manager's discretion, may distribute to unit holders by way of cash or reinvestment into the Trust its distributable income. Distributable income equals all income after deduction of fees, expenses, taxes and any amount the manager considers prudent to withhold.

Distributions to unit holders comprise the income of the Trust to which unit holders are presently entitled. The distributions are payable on a quarterly basis at the end of June, September, December and March.

#### Redemptions

Redemptions from the Fund are recorded gross of any exit fees payable, if any, to the Fund's manager. The redemption value is determined as the current value of the Fund account less any transaction costs, if any, plus any additional net earnings entitlements.

#### Critical Judgement and Accounting Estimates

The Trustees have applied their judgement in selecting the accounting policy to designate certain financial assets through profit or loss at inception. This policy has a significant impact on the amounts disclosed in the financial statements. It is possible to determine the fair values of all financial assets through prices provided by the investment manager. Therefore there are no material assumptions or major sources of estimation uncertainty that have a significant risk of making material adjustments to the carrying amounts of assets and liabilities at year end. However as with all investments their value is subject to variation due to market fluctuations. For the purposes of the fair value hierarchy of financial assets at fair value through profit or loss, the Trustees have to apply their judgement as to what constitutes "quoted prices in an active market." For further details please refer to note 9 (Fair Value).

#### Adoption of new and revised Standards and Interpretations

The Trust has adopted all new standards issued by the New Zealand External Reporting Board which are effective for the current period, however these standards have had no material impact on these financial statements.

NZ IFRS 13 established a single source or guidance for fair value measurements and disclosures about fair value measurements used. The application of the new standard in the current year has not significantly changed the basis for determining the carrying amounts of assets and liabilities measured at fair value. The impact of the standard has been limited to additional note disclosures.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Cont'd)

#### Standards and Interpretations in issue not yet adopted

The following are the new or revised Standards or Interpretations in issue, of relevance to the Trust, that are not yet required to be adopted by entities preparing financial statements for periods ending on 31 March 2014:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
NZ IFRS 9 'Financial Instruments'	1 January 2017

### 3. Change in Fair Value

	NZ\$
Mercer Defensive Fund - Unrealised	1,731,182

The Trust invests through the Mercer Defensive Fund which was made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares, NZ and Overseas Property. The fair value of the Fund is determined using the exit price as calculated by the investment manager at balance date. The Mercer Defensive Fund achieved a before tax and investment management fees return of 8.07% for the year ended 31 March 2014. (2013: 7.71%).

### 4. Total Operating Income

Total operating income is calculated as the sum of total investment income and other income.

	NZ\$
Total Investment Income	1,731,182
Total Other Income	77,771
	<u>1,808,953</u>

### 5. Income Tax

Income tax is calculated as follows:	NZ\$
Net Profit	
Non assessable income and expenditure	1,637,569
Taxable profit	<u>(1,637,569)</u>

The Trustees elected for the Trust to become a Portfolio Investment Entity (PIE) with effect from 1 October 2007.

As a PIE, the Trust allocates income on a daily basis to each investor and deducts tax from that allocated income at the prescribed investor rate for each investor. The tax that is paid to the Inland Revenue is not shown as income tax in the profit or loss, rather it is part of the distribution to Unit Holders. PIE tax payable by the Trust, on behalf of the members, is recognised in the balance sheet at amortised cost.

The Investment Manager calculates the Trust's return on a gross basis (pre tax) rather than a net basis (tax paid). The Trust will calculate the total taxable income for the year and tax the unit holders on the basis of their share of the taxable income at their prescribed investor tax rates.



## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2014

### 2. Summary of Significant Accounting Policies (Cont'd)

Standards and Interpretations in issue not yet adopted

The following are the new or revised Standards or Interpretations in issue, of relevance to the Trust, that are not yet required to be adopted by entities preparing financial statements for periods ending on 31 March 2014:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
NZ IFRS 9 'Financial Instruments'	1 January 2017

### 3. Change in Fair Value

	NZ\$
Mercer Defensive Fund - Unrealised	1,731,182

The Trust invests through the Mercer Defensive Fund which was made up of assets including Cash, Government Bonds, Global Bonds, NZ and Overseas Shares, NZ and Overseas Property. The fair value of the Fund is determined using the exit price as calculated by the investment manager at balance date. The Mercer Defensive Fund achieved a before tax and investment management fees return of 8.07% for the year ended 31 March 2014. (2013: 7.71%).

### 4. Total Operating Income

Total operating income is calculated as the sum of total investment income and other income.

	NZ\$
Total Investment Income	1,731,182
Total Other Income	77,771
	<u>1,808,953</u>

### 5. Income Tax

NZ\$

Income tax is calculated as follows:

Net Profit	1,637,569
Non assessable income and expenditure	(1,637,569)
Taxable profit	-

The Trustees elected for the Trust to become a Portfolio Investment Entity (PIE) with effect from 1 October 2007.

As a PIE, the Trust allocates income on a daily basis to each investor and deducts tax from that allocated income at the prescribed investor rate for each investor. The tax that is paid to the Inland Revenue is not shown as income tax in the profit or loss, rather it is part of the distribution to Unit Holders. PIE tax payable by the Trust, on behalf of the members, is recognised in the balance sheet at amortised cost.

The Investment Manager calculates the Trust's return on a gross basis (pre tax) rather than a net basis (tax paid). The Trust will calculate the total taxable income for the year and tax the unit holders on the basis of their share of the taxable income at their prescribed investor tax rates.

### 6. Reconciliation of Net Profit After Tax to Net Cash Flows from Operating Activities

Net Profit After tax	NZ\$ 1,637,569
<b>Add/(less) non-cash items:</b>	
Unrealised (Gains)/Losses on Mercer Investment	(1,731,182)
Reimbursement of Costs	56,419
Investment Manager's Fees - (Net of rebates and refunds)	94,426
Redemption of funds - Mercer	150,000
Application of funds - Mercer	(4,158,200)
<b>Net cash outflow from operating activities</b>	<b>(3,950,968)</b>

### 7. Reserve Account

Pursuant to the Trust Deed, the Trustees shall establish a Reserve Account which shall be credited or debited with the following:

- An initial contribution of \$10 as the minimum issue price for a Unit; and
  - Credited Earnings as calculated pursuant to clause 18; and
  - Unclaimed benefits; and
  - Allocations to Savings Accounts, Third Party Accounts, Transfer Accounts, Distribution Accounts, Matched Savings Accounts and Corporate Accounts; and
  - Any unclaimed monies that can properly be paid to external parties; and
  - Meeting any expenses of the Trust; and
  - Any amounts forfeited to the Trust; and
  - Any other amounts that can properly be credited or debited to the account;
- provided that if there are insufficient funds in the Reserve Account to meet the expenses of the Trust or if the Trust or any Portfolio has incurred a negative earning rate pursuant to clause 18 then the Manager may determine that such expenses or negative earnings be debited to Members' Accounts in proportion to these account balances or in the case of a negative earning rate incurred in respect of a Portfolio then on such proportionate basis as the Manager considers equitable having regard to any relevant Portfolio Elections.

### 8. Financial Instruments and Risk Management

The Trust utilises a number of financial instruments in the course of its normal investing activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

Financial Instruments by Category	As at 31 March 2014
	Assets at fair value through profit or loss

#### Assets as per the Balance Sheet

	NZ\$
Trade and other receivables	-
Financial assets at fair value through profit or loss	35,480,679
Cash and cash equivalents	-
Total	<u>35,480,679</u>

#### Liabilities as per the the Balance Sheet

Other Payables	-
Total	-

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2014

## 8. Financial Instruments and Risk Management (Cont'd)

As at 31 March 2013

Assets at fair value through profit or loss

Assets as per the Balance Sheet	
	NZ\$
Trade and other receivables	-
Financial assets at fair value through profit or loss	28,607,336
Cash and cash equivalents	-
<b>Total</b>	<b>28,607,336</b>
Liabilities as per the the Balance Sheet	
Other Payables	-
<b>Total</b>	<b>-</b>

The Trust's risk management is carried out in accordance with policies set by the Trustees. These policies provide clear structure for managing key financial risks. While their review is ongoing, the Trustees formally review the major risks faced by the Trust on a quarterly basis.

**Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially expose the Trust to credit risk consist of cash and cash equivalents and receivables. The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty of the Trust is its investment manager (Mercer Investment Trust New Zealand), which the Trustees consider to be a financial institution of high quality. The investments are held in trust by the investment manager for the benefit of the Trust. The Trust does not require collateral or other security to support financial instruments with credit risk. The Trustees manage and monitor credit risk by agreeing on target asset allocations for the Fund and diversifying the Fund's investment portfolio over a range of investment products.

**Market Risk**

Market risk is the risk that market factors such as interest rates, equity prices, unit prices or foreign exchange rates will affect the Trust's income or the fair value of the investments. It is not the Trust's policy to hedge its exposures to market risk. The Trust has specific policies and procedures for identifying and evaluating investment opportunities. The Trustees in conjunction with the asset consultant receive monthly reports from the Investment Manager which are reviewed in detail and assessed against relevant asset allocation profiles and performance targets.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust is exposed to currency risk in that future currency movements will affect the valuation of foreign currency denominated investments. The Trust is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitholdings which invest in foreign currency denominated investments. Risk management activities are undertaken by the Trust's Investment Manager to operate within the guidelines provided by the Trustees.

**Other Price Risk**

Other price risk is the risk that the value of the Trust's investments will increase or decrease due to a change in the unit prices of the Trust's managed funds. The Trust is exposed to other price risk through its investments in unitholdings. The Trust is indirectly exposed to underlying equities. The Investment Managers track these underlying equities on a daily basis through appropriate monitoring of the market conditions and analysis against benchmark returns. The Trustees in conjunction with the asset consultant receive monthly reports from the Investment Manager which are reviewed in detail and assessed against relevant asset allocation profiles and performance targets.

## Notes to the Financial Statements (cont'd)

for the year ended 31 March 2014

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is indirectly exposed to interest rate risk in that future interest rate movements will indirectly affect the valuation of investments in managed funds which invest in cash and fixed interest investments. There is no maturity period for unitholdings investments.

The Trust's interest rate risk is monitored on a daily basis by the Investment Manager in accordance with the policies and procedures in place including monitoring of exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Trustees monitor interest rate risk on a monthly basis by monitoring of asset allocation and performance against relevant asset allocation profiles and performance targets.

## 8. Financial Instruments and Risk Management (Cont'd)

**Sensitivity Analysis**

A 1% increase/decrease in the unit price of the Mercer Defensive Fund would have a positive/adverse impact on the value of the Trust's assets by \$355,000. (2013: \$286,000). Any such change in the Trust's assets would be recognised in profit or loss.

**Liquidity Risk**

Liquidity risk represents the risk that the Trust may not have the financial ability to meet its contractual obligations. The Trust evaluates its liquidity requirements on an ongoing basis. All financial assets at fair value through profit and loss are on call. There are no significant financial liabilities. The Trust's holdings in the Mercer Defensive Fund are considered to be readily realisable. There are no restrictions on the redemption of units as they may be redeemed for cash at any time, subject to the approval of the Trustees. Other financial liabilities of the Trust comprising of accounts payable and accrued expenses and other current liabilities have no contractual maturity date but are typically settled within 30 days or within the timeframe as set out in the Trust Deed.

**Capital Risk**

The Trust's Capital includes Unit Holders Funds. The Trust's policy is to maintain a strong capital base so as to maintain members and creditors confidence and sustain future growth of the Trust. There have been no material changes to the Trust's management of capital during the period. The Trust's objectives when managing capital risk are to safeguard its ability to continue as a going concern in order to provide returns to its members and to maximise the Trust's members value.

**Concentration of Credit Risk**

The majority of the Trust's assets are invested in the Mercer Defensive Fund which is a Portfolio Investment Entity. The Fund is managed by Mercer Investment Trusts New Zealand whose ultimate holding company is Marsh & McLennan Companies Inc, a company incorporated in the United States of America.

## 9. Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Trust's accounting policies.

The Trust classifies fair value measurements of financial instruments at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
  - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
  - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Trustees. The Trust considers "observable" to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Trust's financial assets and liabilities (by class) measured at fair value:

<b>31 March 2014:</b>			<b>Total</b>
<b>Assets - Fair Value Measurement</b>	Level 1	Level 2	Balance
Unitised Investment Fund:			
Mercer Investment Trust New Zealand			
- Mercer Defensive Portfolio	-	35,480,679	35,480,679
<b>Total Assets</b>	-	<u>35,480,679</u>	<u>35,480,679</u>

<b>31 March 2013:</b>			<b>Total</b>
<b>Assets - Fair Value Measurement</b>	Level 1	Level 2	Balance
Unitised Investment Fund			
Mercer Investment Trust New Zealand			
- Mercer Defensive Portfolio	-	28,607,336	28,607,336
<b>Total Assets</b>	-	<u>28,607,336</u>	<u>28,607,336</u>

Investments have been classified as Level 2 as they are unlisted based on prices provided by the investment manager.

The Trust invests in managed funds, which are not directly quoted in active markets. The fair value is based upon the unit prices calculated by the investment manager.

The unit price is based upon a Net Asset valuation using observable inputs such as quoted security prices in active share markets and/or interest rates or yield curves which are observable at specific time intervals. The Net Asset valuation of the Fund may also include securities or derivatives which have inputs such as foreign exchange, spot and forward rates and interest rate curves derived from quoted bond prices. The Net Asset valuation may also have adjustments to reflect fees associated with the Fund.

For unit prices, significant inputs into the calculation are market observable and are included within Level 2.

The carrying amount of the financial assets and financial liabilities recorded in the financial statements represents their respective approximate fair values, determined in accordance with the Trust's accounting policies.

#### 10. Related Parties

Te Rūnanga o Ngāi Tahu (TRONT) make contributions under a matched savings program in accordance with a prospectus dated 22 September 2009, for the current period these matched savings were \$1,685,194 (31/03/2013: \$1,589,964). \$669,398 (31/03/2013: \$626,839) has been accrued at balance date. TRONT also made an annual distribution of \$607,313 (31/03/2013: \$665,690) for the period on behalf of the members. TRONT also made an annual newborn distribution of \$10,641 (31/03/2013: \$8,017). The beneficiaries of TRONT are eligible to participate in Whai Rawa Trust. From 1 July 2012, Whai Rawa Trust began paying the investment management fee. As at 31 March 2014, TRONT reimbursed the Trust for investment management fees of \$Nil (31/03/2013: \$28,629) and bank fees of \$2,307 (31/03/2013: \$11,319). All of these costs are included in TRONT's annual accounts.

As at 31 March 2014, unallocated distributions received from TRONT amounted to \$326,196 (31/03/2013: \$722).

Whai Rawa Fund Limited paid audit fees amounting to \$8,750 on behalf of Whai Rawa Unit Trust.

#### 11. Contingent Liabilities and Commitments

There are no significant contingent liabilities and commitments. (31/03/2013: Nil)

#### 12. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WHAI RAWA UNIT TRUST

**Deloitte**

### Report on the Financial Statements

We have audited the financial statements of Whai Rawa Unit Trust on pages 1 to 12, which comprise the balance sheet as at 31 March 2014, and the statement of comprehensive income, statement of changes in total funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the trust's unit holders, as a body. Our audit has been undertaken so that we might state to the trust's unit holders 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's unit holders as a body, for our audit work, for this report, or for the opinions we have formed.

### Manager's Responsibility for the Financial Statements

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

### Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

In addition to our audit, our firm carries out other assurance engagements for the Trust including the audit of the unit holders register and the prospectus. Other than the audit and these assignments the firm has no other relationship with or interests in the Trust.

### Opinion

In our opinion, the financial statements on pages 1 to 12:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Whai Rawa Unit Trust as at 31 March 2014, and its financial performance and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2014:

we have obtained all the information and explanations we have required in our opinion proper accounting records have been kept for Whai Rawa Unit Trust as far as appears from our examination of those records.



Chartered Accountants  
9 June 2014  
Dunedin, New Zealand

This audit report relates to the financial statements of Whai Rawa Unit Trust for the year ended 31 March 2013 included on Whai Rawa Unit Trust's website. The Manager is responsible for the maintenance and integrity of Whai Rawa Unit Trust's website. We have not been engaged to report on the integrity of the Whai Rawa Unit Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 June 2013 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DIRECTORS

WHAI RAWA FUND LIMITED DIRECTORS

Whai Rawa Fund Limited manages Whai Rawa. It is a company wholly owned by Te Rūnanga o Ngāi Tahu. The directors of Whai Rawa Fund Limited are:

### Diana Crossan (Chair)

After graduating from Otago University and the University of Wales, Diana has worked extensively in the business and public sectors and has held numerous voluntary and community roles. Her financial services industry experience began with AMP in New Zealand and the UK.

Diana has held several senior roles in the public service and has been on many boards including New Zealand Post and Mighty River Power Limited. Prior to her current position at Wellington Free Ambulance as CEO, she was the Retirement Commissioner, a position she held for 10 years.

### Sir Tipene O'Regan (Kaiārahi)

Sir Tipene was the long serving Chairman of the Ngāi Tahu Māori Trust Board and led the Ngāi Tahu Treaty Settlement process which concluded in 1998.

He has held a wide variety of company directorships and chairmanships in both the public and private sectors in New Zealand and Australia and is a Distinguished Fellow of the Institute of Directors.

Sir Tipene was the founding Chairman of the Māwhera Incorporation, the Ngāi Tahu Holdings Corporation and the reconstituted Sealord Group Ltd. He is currently on the Advisory Board for the University of Otago Business School and Chairs Ngā Pae o Te Maramatanga, (CORE) University of Auckland.

He holds honorary degrees from the University of Canterbury, Lincoln University and Victoria University of Wellington.

### Hon. David Caygill

David served on the Christchurch City Council for three terms (1971-80).

In 1978 he was elected to Parliament and was a Member of Parliament for 18 years, including five years (1984-90) as a Minister of the Crown. During the Lange and Palmer governments he held a number of ministerial portfolios, including Minister of Trade and Industry (1984-88), Minister of Health (1987-88) and Minister of Finance (1989-90).

Following his retirement from politics in 1996, he returned to his former profession as a lawyer, joining Buddle Findlay as a partner specialising in public law.

In December 2003 he left Buddle Findlay and was appointed Deputy Chair of the Commerce Commission and subsequently, Chair of the Electricity Commission.

David has held a number of governance roles in both public and private sectors. He is currently Deputy Chair of the Environment Canterbury Commissioners.

### Tim McGuinness

Tim has held senior executive and board / trustee positions with substantial New Zealand based investment management organisations and funds for over 15 years, and has extensive specialist knowledge and experience built up through involvement with managing investment funds for over 25 years.

He is currently Chairman of Trustees of the Dairy Industry Superannuation Scheme and Fonterra Superannuation Scheme and a trustee of the New Zealand Fire Service Superannuation Scheme, and the Police Superannuation Scheme. He is also a director of Union Medical Benefits Society Limited ('Unimed').

He was on the Board of the Government Superannuation Fund Authority for 10 years (including three as Chair) and Board of the Earthquake Commission for eight years.

These positions followed senior fund management positions with Royal & Sun Alliance and Norwich Union / State Insurance.

### Kristen Kohere-Soutar

Kristen is Head of Specialist Markets at Kiwibank. Her duties entail an enterprise wide role across key divisions of the bank. Her work has a particular focus in business markets, providing specialist integrated planning for the bank to assist Māori and iwi enterprises with their capital requirements and asset management.

Other positions she currently holds include: Director of the Ngāti Porou Holdings Company, Director of Aotearoa Credit and Trustee of her whānau farm, Rangiaata Ahuwhenua Trust.

Kristen was previously a Trustee on the ASB Community Trust. She graduated from Auckland University with a BA/LLB.



Te Rūnanga o **NGĀI TAHU**

**WhaiRawa** NGĀI TAHU

**Whai Rawa Fund Limited**

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**Cover photo: *He Toki ki te Rika***

Māori trade trainees and Whai  
Rawa members Michael Allan  
and Matene Frost on the job.