

**STATEMENT OF PRINCIPLES AND OBJECTIVES**  
**NGATI RUANUI DEVELOPMENT CORPORATION LIMITED**

**2006-2009**

**PRINCIPLES AND OBJECTIVES**

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- A. Ngati Ruanui Development Corporation Limited (**NRDC**) and Ngati Ruanui Holdings Corporation Limited (**NRHC**) are wholly-owned subsidiaries of Ngati Ruanui Group Management Limited (**NRGM**). NRGM is wholly-owned by Te Runanga o Ngati Ruanui Trust (**Te Runanga**) (together, the **Ngati Ruanui Group**).
- B. Te Runanga received certain assets and incurred certain obligations pursuant to the Deed of Settlement between the Crown and Ngati Ruanui dated 12 May 2001 (the **DoS**). On 4 June 2003 the DoS became unconditional and Settlement Redress was transferred to Ngati Ruanui.
- C. The Ngati Ruanui Group has been established for charitable objects, namely the:
- (a) Promotion of education;
  - (b) Relief of poverty;
  - (c) Improvement of the physical and mental health; and
  - (d) Promotion of the unique cultural identity in New Zealand of Ngati Ruanui people (the **Charitable Objects**).
- D. NRDC has been established to “use prudently on behalf of Te Runanga the assets of Te Runanga allocated to it and to administer them and its liabilities in furtherance of such of the Charitable Objects as may from time to time be approved by Te Runanga” (clause 1.3 of Schedule 4 of Te Runanga’s Amalgamated Deed of Trust dated 19 February 2006 (**ADoT**)).
- E. Pursuant to the ADoT, NRGM is required to settle, in consultation with the Directors of NRDC, a Statement of Principles and Objectives (**SPO**) for NRDC. The SPO is to relate to a period of three financial years, although Te Runanga can amend this period.
- F. Given the recent restructuring of the Ngati Ruanui Group, including the incorporation of NRDC, Te Runanga has resolved that the first SPO for NRDC should relate to the period from August 2006 to 31 March 2009. The first SPO is to be divided into 3 discrete stages:
- 1. August 2006 – 31 March 2007. This stage will concern the establishment of NRDC.

2. The 2007/2008 financial year (1 April 2007 – 31 March 2008). This stage will concern the first full financial year of operation for NRDC. It is anticipated that NRDC is unlikely to undertake any significant activity during this financial year.
  3. The 2008/2009 financial year (1 April 2008 – 31 March 2009). This stage will concern the second full financial year of operation of NRDC. We note that this stage of the SPO will require further development prior to 1 April 2008.
- G. In determining the content of the SPO, Te Runanga and the Directors of NRDC must have regard to the Charitable Objects.
- H. Te Runanga considered the recommendations made in the Te Runanga o Ngati Ruanui Internal Audit Report dated July 2004 (the **Audit Report**) and directed that the appropriate considerations should, where possible, be incorporated into this SPO for NRDC. Accordingly, this first SPO for NRDC incorporates those considerations from the Audit Report that Te Runanga considered relevant.
- I. Te Runanga is developing trust fund allocation policies for the financial years 1 April 2007 to 31 March 2009.
- J. This SPO is settled by NRGM in anticipation of implementation and improvement by the Directors of NRDC.
- K. Te Runanga has considered and approved this SPO.

## **1. Furtherance of the Charitable Objects**

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### **1.1 Trust Deed**

Sub-clause 4.1 of Schedule 4 of the ADoT provides that Te Runanga and the Directors of NRDC will have regard to the Charitable Objects in determining the content of any SPO.

### **1.2 Relevant considerations**

NRGM notes that:

- (a) Te Runanga shall develop trust fund allocation policies;
- (b) In developing trust fund allocation policies, Te Runanga may wish to seek views from the members of Ngati Ruanui;
- (c) NRDC has not received any assets directly from the Crown under the DoS;
- (d) Initially NRDC is likely to receive income only from Te Runanga or its other subsidiaries;

- (e) It is possible that Te Runanga will not distribute any of its income to NRDC during the first stage of this SPO, being the period covered by August 2006 to 31 March 2007; and
- (f) NRGGM understands that Te Runanga intends to consult with, and seek input from, the members of Ngati Ruanui on the development of the strategic direction of Te Runanga. Such a consultative process would involve NRDC. The process itself is yet to be determined, but it is likely that the policies and directives arising out of the process will be incorporated into the latter two stages of this SPO, and any future SPO, for NRDC.

### **1.3 Objectives**

In view of the above, NRGGM, considers that:

#### **(a) August 2006 to 31 March 2007**

NRDC's focus for the first stage of this SPO, being the period covered by August 2004 to 31 March 2005 will be to implement any policy directions that Te Runanga may give from time to time regarding the manner in which NRDC is to assist in the furtherance of the Charitable Objects.

#### **(b) 1 April 2007 to 31 March 2008**

NRDC's focus for the second stage of this SPO, being the period covered by the 2007/2008 financial year will be:

- (i) to use any income received from Te Runanga or its other subsidiaries, totaling approximately 25% of profits, for developing a scholarship programme in line with the Objects; and
- (ii) to continue to implement any policy directions that Te Runanga may give from time to time regarding the manner in which NRDC is to assist in the furtherance of the Charitable Objects; and
- (iii) to seek funding opportunities from any Government, Local Government, public organisation, private organisation, or any legal source whatsoever, which funds will be applied to the furtherance of the Charitable objects.

#### **(c) 1 April 2008 to 31 March 2009**

NRDC's focus for the final stage of this SPO, being the period covered by the 2008/2009 financial year, will be:

- (i) to continue to receive income from Te Runanga or its other subsidiaries to implement and develop the scholarship programme initiated during the stage of this SPO, being the period covered by the 2008/2009 financial year;

- (ii) to continue to receive income from Te Runanga or its other subsidiaries to develop and implement further programmes that promote the furtherance of the Charitable Objects; and
- (iii) to continue to implement any policy directions that Te Runanga may give from time to time regarding the manner in which NRDC is to assist in the furtherance of the Charitable Objects; and
- (iv) to seek funding opportunities from any Government, Local Government, public organisation, private organisation, or any legal source whatsoever, which funds will be applied to the furtherance of the Charitable objects.

## **2. Other Considerations**

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### **2.1 Trust Deed**

Sub-clause 4.1 of Schedule 4 of the Trust Deed provides that Te Runanga and the Directors of NRDC will have regard to policies that Te Runanga may from time to time adopt in respect of *“any other matters which Te Runanga may consider appropriate for the ultimate furtherance of the Objects”*.

### **2.2 Relevant Considerations**

NRGM notes that:

- (a) The Audit Report has criticised Te Runanga and NRGM for a general lack of policies, procedures and controls;
- (b) Te Runanga has not provided any further policies that are relevant to the Operations of NRDC for the first stage of this SPO, being the period covered by August 2006 to 31 March 2007; and
- (c) Te Runanga is continually developing trust fund allocation policies during the operation of this SPO, which may be incorporated into the appropriate stage of this SPO.

### **2.3 Objectives**

#### **(a) August 2006 to 31 March 2007**

In view of the above, NRGM, considers that for the first stage of this SPO, being the period covered by August 2006 to 31 March 2007:

- (i) NRGM, in consultation with the Directors of NRDC, should assess staffing requirements to determine the optimal number of staff that are required to deliver NRDC's policies and objectives;

- (ii) NRGM, in consultation with the Directors of NRDC, should develop human resource policies relating to the effective management of those staff, if any, covering issues such as recruitment, staff salary ranges, job descriptions, performance reviews, bonuses staff benefits, entitlements, loans to staff and staff departures;
- (iii) NRGM, in consultation with the Directors of NRDC, should develop financial management policies, covering areas such as the budgeting process, cash forecasting, cash management, financial internal controls, variance analysis and reporting; and
- (iv) NRGM, in consultation with the Directors of NRDC, should develop policies for the responsibility of monitoring and reporting on income received from Te Runanga or its other subsidiaries and/or external sources and also on any subsequent expenditure, either directly or indirectly, for the furtherance of the Charitable Objects.
- (v) NRGM, in consultation with the Directors of NRDC, should develop policies to seek funding opportunities any Government, Local Government, public organisation, private organisation, or any legal source whatsoever, which funds will be applied either directly or indirectly, for the furtherance of the Charitable Objects

**(b) 1 April 2007 to 31 March 2008**

NRGM, considers that for the second stage of this SPO, being the period covered by the 2007/2008 financial year:

- (i) the human resources policies developed to ensure the effective management of staff, if any, should be implemented;
- (ii) the policies developed to ensure effective financial management should be implemented; and
- (iii) the policies developed for monitoring and reporting on income and expenditure should be implemented, in particular ensuring the Charitable Objects are at all times complied with; and
- (iv) external funding sought should be applied for and completed by contractual agreement or relinquished

**(c) 1 April 2008 to 31 March 2009**

NRGM, considers that for the final stage of this SPO, being the period covered by the 2008/2009 financial year:

- (i) NRDC should continue to implement policies relating to staff management, financial management, monitoring and reporting and any

other appropriate policies; and

- (ii) Continue to develop and expand programmes and funding opportunities
- (iii) The independent monitoring of prescribed policies should be undertaken through internal auditing processes (possibly including the establishment of committees, for example, to determine and monitor staff salaries and other relevant matters against staff management policies)

**Ngaonepu Huka Kahukuranui**

*Director Ngati Ruanui Group Management Limited*