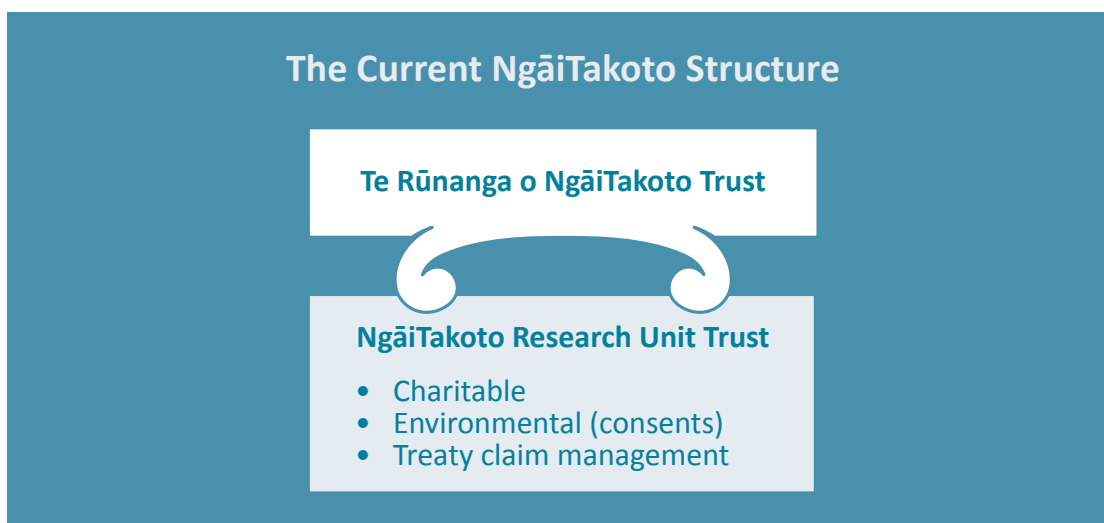


## 7. Post-Settlement Governance Entity

NgāiTakoto have the NgāiTakoto A Iwi Research Unit Trust that manages Land Claims affairs:



We are unable to utilise our existing structures to receive the settlement assets, because they are charitable organisations and these do not meet the Crown's representation and accountability requirements.

As part of our ratification process members of NgāiTakoto are being asked to vote to approve the proposed NgāiTakoto PSGE. The Crown has reviewed the proposed PSGE - Te Rūnanga O NgāiTakoto, and agrees that it is an appropriate body to receive and manage NgāiTakoto's settlement assets and meets accepted standards of good governance and fair representation of registered and non-registered members. We will consult our Iwi members over the next year about what we will do for the NgāiTakoto a Iwi Research Unit Trust once the PSGE is established.

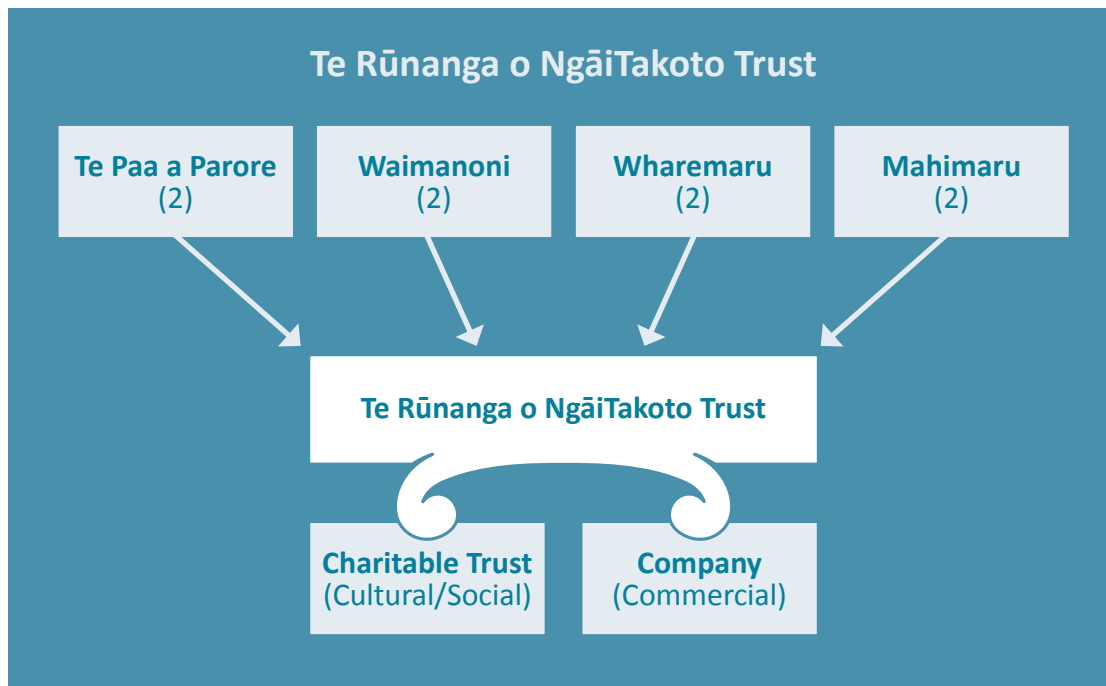
In this section, we provide an overview of the proposed PSGE and how it fits within the broader post-settlement operating structure. We have taken expert advice to identify the best option for NgāiTakoto's PSGE, with the aim of achieving a simple, flexible and tax effective structure that complies with legislative requirements. We have also consulted with NgāiTakoto members last year about how a PSGE structure could be developed.

It is recommended that the proposal outlined below offers the most effective means to manage the redress acquired in the settlement process to establish enduring benefits for our Iwi. Further information about the proposal will be provided at the Information Hui and is available on our website.

The proposed PSGE will be a **private trust** - **Te Rūnanga O NgāiTakoto** will receive the commercial and financial settlement assets and cultural redress on behalf of NgāiTakoto. Te Rūnanga O NgāiTakoto may also include the following structures:

- **A company** which will function as the asset holding company carrying out some or all of the commercial activities for NgāiTakoto and allowing the tax-effective and management consolidation of commercial operations in one entity. The aim of the company is to generate financial returns and secure the growth of NgāiTakoto’s assets for its shareholder, Te Rūnanga O NgāiTakoto. We may also establish other companies over time as we grow;
- **A charitable trust**, which will be responsible for distributing benefits for charitable purposes to NgāiTakoto members.

The proposed structure looks like this:



Key Features include:

- Private Trust model
- **8 Trustees (interim arrangement)**
- Non-charitable status
- Compliant with Crown principles
- Flexibility to create **companies and charitable trusts** as part of the wider Te Rūnanga O NgāiTakoto Trust group.



The Trust and our advisers have worked hard to ensure that the proposed PSGE structure reflects the principles of Accountability, Transparency and Representation which are key Crown requirements.

Some key features of Te Rūnanga O NgāiTakoto Trust Deed that reflect the principles of Accountability, Transparency and Representation are:

- **Purpose of Te Rūnanga O NgāiTakoto:** To receive, hold, manage and administer the Trust's assets on behalf of and for the benefit of present and future members of NgāiTakoto.
- **Eligibility and election of trustees:** All Adult Registered Members of NgāiTakoto (being persons registered as NgāiTakoto who are 16 years and over) are entitled to vote up to two marae representatives from their respective marae (**Te Paa a Parore, Waimanoni, Wharemaru, and Mahimaru**). The validated nominees from each marae will become trustees.
- **Initial Trustees:** The current NgāiTakoto Research Unit Trust trustees would be the Initial Trustees of Te Rūnanga O NgāiTakoto. This ensures continuity, and a stable foundation for NgāiTakoto's settlement assets. The proposal is that after Te Rūnanga O NgāiTakoto's first year, two of the Initial Trustees shall retire, and four new Trustees, one representative from each Marae, will be appointed as a Trustee. The remaining four Initial Trustees shall retire at the end of the second year and four new Trustees, one additional representative from each Marae, will be appointed as Trustees.
- **Meetings, quorum and resolutions:** The Trust must hold an Annual General Meeting (**AGM**). The quorum for the AGM (or special meetings) shall be 30 Adult Registered Members of NgāiTakoto. All resolutions tabled at an AGM require approval of not less than a majority of the Adult Registered Members of NgāiTakoto who validly cast a vote.
- **Special Resolutions:** Major transactions and amendments to the Trust Deed require a special resolution to be passed (approved by not less than 75% of all Adult Registered Members of NgāiTakoto who are entitled to vote and cast a valid vote).
- **Notice:** Adult Registered Members of NgāiTakoto will be given sufficient notice of the nomination process, AGM, special meetings etc in accordance with the Trust Deed.

## 8. Interim Arrangements

The “settlement” process will continue for another 2-3 years. If the Deed of Settlement and the PSGE is ratified, we will still have to wait for up to 2 years until legislation is passed. Once that occurs, then we have the final settlement assets. During and after this time, there will be ongoing negotiations with the Crown, regional and local councils, and other Iwi but these will not substantially impact on the settlement. All of the Te Hiku Iwi will also need to prepare themselves for the management and governance of the Te Hiku Iwi collective redress items. The Trust has received support during road shows last year that NgāiTakoto members support a conservative and prudent approach to managing the assets and funds that will come to the PSGE. Accordingly, it is proposed that the interim arrangements will consist of:

- Planning for the post-settlement environment;
- Assisting marae and their representatives organise themselves to elect Te Rūnanga O NgāiTakoto representatives and for future distributions;
- Completing all negotiations and other actions relating the settlement process;
- Investing the funds in a prudent manner.

The Trust expects that it will also conduct numerous road shows and other communications closer to the final settlement date to ensure that all NgāiTakoto members are fully informed about the activities of the Trust.

