



# Hui a-Rohe

- Post Settlement Governance Entity

Wednesday 27<sup>th</sup> March 2013  
Ngāmotu

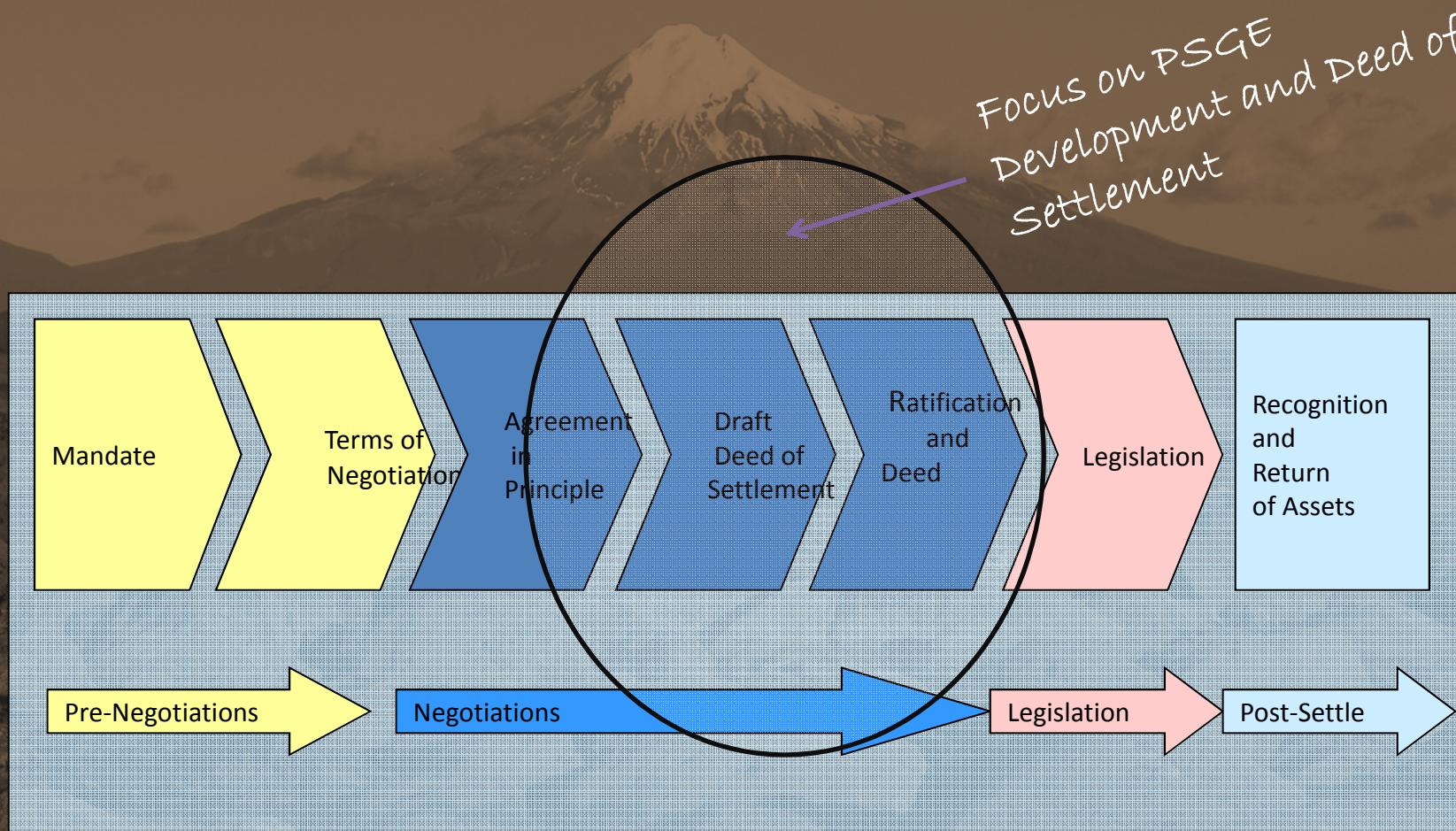


# Purpose of the Hui

- To discuss the development of the Post Settlement Governance Entity
- An opportunity for you to provide feedback and input into the development of the PSGE



# Settlement Negotiations Progress





# What is the process?

- CLT developed “strawman” in 2012 to assess Crown offer
- CLT and Trustees have discussed development of PSGE such as key features
- Initial round of consultation Hui March 2013
  - Receive feedback and input on key features via hui, email
- CLT to develop consultation document on a proposed PSGE calling for further feedback
- Feedback will be considered and a final proposal will be put to Nga Uri o Taranaki Iwi for ratification
- If ratified Governance Entity will be established



# What is a PSGE?

- A Post Settlement Governance Entity (PSGE) is the legal entity a claimant group must ratify and establish before settlement with the Crown.





# Why a PSGE?

- A Post- Settlement Governance Entity (“PSGE”) for Taranaki Iwi is required to receive settlement assets.
- The current Taranaki Iwi Trust is a Charitable entity and therefore unable to receive settlement assets on behalf of the iwi.



# Structuring Overview

- The choice of a PSGE legal structure is very limited
- The Crown's preference for a PSGE legal structure is a Private Trust
- There are limited tax structuring choices
  - Transition issues with charities (and fisheries entities)
  - Significant value in designing optimal Group now



# What should inform the structure?

- A set of key principles
- The future requirements – clarity about purpose, role and function
- Should focus on group structure, not just PSGE – should be driven by your current and future needs, not by tax
- Best structuring window
  - current and future needs vital
  - develop structuring needs now
  - get good advice



# Considerations Affecting Structures

- Acceptable for Crown Settlement purposes
  - adequately represents all members of the claimant group
  - is accountable to and ratified by the claimant group
  - has transparent decision-making and dispute resolution procedures.
- Simple structures that are easy to understand and administer
- Appropriate separation of risk for asset protection
- Tax efficiency and tax reduction



# Considerations Affecting Structures

- Flexibility in making distributions (for example)
  - Sporting activities;
  - Beneficiaries outside of New Zealand
  - Superannuation
  - Political lobbying
  - Activities outside of New Zealand, international relations
  - Entertainment and recreation (festivals, children's entertainment, music, performances);
  - Economic Development, environment and lifestyle of a region
- More difficult to do the above if a charity



# Considerations Affecting Structures

- The size of a PSGE and its associated functions and costs
- Other variables will also impact on the functions of a PSGE and its operating costs. Typical variables include:
  - The components of the settlement redress including quantum size.
  - The vision and priorities of Taranaki iwi including short and long-term goals.
  - The human capital within the iwi, including the capabilities and qualities of leaders of the PSGE
  - The existing relationships with key stakeholders such as central and local government agencies, the wider community, or neighbouring iwi.
  - The position of the existing governance entity in its lifecycle and how well prepared it is to manage and receive assets.



# Considerations Affecting Structures

- Corporate Trustee / Incorporation options
  - PSGE / Investment Trust / Development Trust
- Governance
  - Smaller, cheaper and more efficient boards vs appropriate representation
  - Ensuring appropriate skills mix



# Why establish a PSGE now?

- Provides an opportunity to plan in advance of any potential settlement assets being returned
- No guarantee that the settlement will proceed – this is a matter for nga uri o Taranaki iwi to determine through ratification
- A focus and emphasis on post settlement is critical – a settlement in itself is not the end but rather a means to an end



# Common Issues - Governance

- Governance - Typical Issues
  - Establishing good governance practices
  - Commercial Board (representation, chair, external members)
  - Effective governance relationships (clear, effective policies)
  - Efficient subsidiary structures (e.g. entities, boards)



# Common Issues - Management

- Operations (Management) – Typical Issues
  - Establishing a robust policy framework – focus on core organisational activities (e.g. no policies for the sake of it)
  - Efficient and effective internal systems and processes
  - Board reporting, stakeholder reporting and management information
  - Shared services
  - Risk management and internal audit



# Crown Requirements for PSGE

- Adequately represents nga uri o Taranaki Iwi
- Have transparent decision making procedures
- Have transparent dispute resolution procedures
- Be accountable to all uri of Taranaki Iwi
- Ensure that those that benefit from the settlement are nga uri o Taranaki Iwi
- Be ratified by nga uri o Taranaki Iwi



# Taranaki Iwi PSGE Design Features

- Representative
- Accountable
- Transparent
- Viable/cost effective
- Sustainable
- Simple
- Flexible
- Tax efficient
- Legislatively compliant
- Contribute to the intergenerational aspirations of nga uri o Taranaki Iwi



# Post Settlement Governance Entity


- What does your PSGE do?
  - The PSGE....
- Why?
  - Because ....
- Why?
  - Because....
- Why?
  - Because ....
- So what are you passionate about?



# Post Settlement Governance Entity

- How do uri see themselves participating in the new post-settlement structure?
- What role do you play?
- How do you contribute to the future growth of Taranaki Iwi?
- What is the preference for a structure for Taranaki Iwi PSGE?
- Choose one from the following and explain your choice:
  - Hapu
  - Marae
  - Individual
  - Something else





*Korero / Patai*