

Charitable Company Limited

(A subsidiary of Tauhara North No 2 Trust)



DISTRIBUTIONS POLICY

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1. Introduction

1.1 Background

The Tauhara North No.2 Trust (the **Trust**) is an ahu whenua trust established under Te Ture Whenua Māori Act 1993. The Tauhara North No.2 lands are vested in the trustees of the Trust, who administer those lands on behalf of the beneficial owners of those lands (the **Beneficial Owners**).

The Trust operates a number of commercial activities on Trust land, including the economic utilisation of the geothermal resource located on, under and adjacent to the Trust land. Those commercial activities generate income. The Trust has historically applied some of that income for Māori community purposes, including through educational and health grants.

In order to better facilitate the distribution of income for charitable purposes, the trustees of the Trust have established the Charitable Company Limited (**CCL**). CCL is a charitable company, set up to receive some of the income generated from Trust land and distribute that income for charitable purposes.

1.2 Objects of CCL

The constitution of CCL provides that its surplus funds must be applied to charitable purposes within New Zealand as are specified in the Charities Act 2005 and which comprise:

- (a) the relief of poverty;
- (b) the advancement of education; and
- (c) any other matter beneficial to the community.

1.3 Relationship to the Trust

CCL is effectively a 100% owned subsidiary of the Trust. The trustees of the Trust, in their trustee capacity, hold all of the shares in CCL.

2.1 CCL constitution

The CCL constitution provides that, in applying surplus funds towards the charitable objects, the CCL directors must give preference to the following groups of people, in the following priorities:

- (a) firstly, to the Beneficial Owners of the Trust;
- (b) secondly, to the persons belonging to the iwi known as Ngāti Tahu; and
- (c) thirdly, to members of the public of New Zealand.

These principles govern the manner in which the directors of CCL apply surplus funds for the charitable objects of CCL.

2.2 Level of distributions

CCL does not have unlimited funds to distribute. Therefore, the directors of CCL are required to determine how much to distribute each year and how to distribute that amount in a manner consistent with the distribution preferences and priorities as set out in the CCL constitution.

For the 2011 financial year (commencing on 1 July 2010), the beneficial owners of the Trust have resolved that \$435,000 will be available for distribution.

It is anticipated that the directors of CCL will determine each year the level of distributions to be made by CCL towards its charitable purposes.

2.3 Distribution categories

Historically the Trust has made distributions for educational and health purposes. Education grants have been made to beneficial owners of the Trust under section 218 of Te Ture Whenua Maori Act 1993 (for Māori community purposes) for secondary school and tertiary education costs. Health grants have been made to beneficial owners to contribute towards the costs associated with seeing the doctor, optometrist (and associated eye-care costs), dentist and having hearing checks (and associated costs).

The Trust has also historically supported Ngāti Tahu marae.

The directors of CCL have agreed to continue to provide educational, health and other cultural distributions, in a manner consistent with CCL's charitable objects.

3. Policies, processes and procedures

3.1 Education Grants

3.1.1 *Categories of educational grants*

CCL provides a range of educational grants and scholarships across the full education spectrum, from pre-school to tertiary education. The categories of educational grants offered by CCL are set out in Appendix 1.

3.1.2 *Eligibility*

All educational grants (other than the Ngāti Tahu Scholarship described in paragraph 3.1.7 below) are available to those persons listed as owners of the Trust land as recorded in the register maintained by the Trust, being the Beneficial Owners, and their descendants.

3.1.3 *Value of the educational grants*

Some educational grants offered by CCL are for a specific value. The value of other educational grants is determined by the CCL directors. The total amount available to be distributed by CCL in relation to some categories of grants may be capped at a maximum amount. The values of each education grant, and any associated caps, are set out in Appendix 1. These values and caps may be amended by the CCL board from time to time.

If, at any time, there is no set value for any category educational grant that may be offered by CCL and there is a total cap on the amount that CCL may distribute under that category in any year, CCL will determine the value of each grant offered in this category in its discretion, provided that the total amount of distributions under that category does not exceed the applicable total cap.

3.1.4 *Application process*

Applications for education grants (other than the tertiary scholarships described in paragraphs 3.1.6 and 3.1.7 below (the **Tertiary Scholarships**)) must be made on the form set out in Appendix 2 (as amended from time to time by the CCL board). Applications for the Tertiary Scholarships must be made on the form set out in Appendix 3 (as amended from time to time by the CCL board).

Unless otherwise set out below:

- (a) all applications for education grants must be received by CCL by 31 March in the year to which the grant relates; and
- (b) education grants are only available for full time study.

Applications relating to part-time study may be made at any time, provided that the application must be received by CCL prior to the commencement of part-time study.

Applications for the Tertiary Scholarships must be received by CCL no later than 31 October of the year preceding that of the intended tenure of the relevant Tertiary Scholarship.

3.1.5 *Selection process*

The directors of CCL have full and final discretion to determine the recipients of any educational grant, including the Tertiary Scholarships.

3.1.6 *Beneficial Owner Scholarship*

The Beneficial Owner Scholarship is available to any Beneficial Owner or a descendant of a Beneficial Owner to study full-time at any tertiary institution. Priority will be given to students with academic merit and who intend to study geothermal related topics as part of their tertiary course.

The Beneficial Owner Scholarship is payable towards tuition fees per semester and other related costs, for the first year of study.

3.1.7 *Ngāti Tahu Scholarship*

The Ngāti Tahu Scholarship is available to any Ngāti Tahu iwi member (including any Beneficial Owner and their descendants) to study full-time at any tertiary institution. Priority will be given to students with academic merit and who intend to study geothermal related topics as part of their tertiary course.

The Ngāti Tahu Scholarship is payable towards tuition fees per semester and other related costs, for the first year of study.

3.2 Health grants

3.2.1 *Categories and values of health grants*

The categories, purposes and values of the health grants offered by CCL are set out in Appendix 4.

3.2.2 *Eligibility*

All health grants are available to those persons listed as owners of the Trust land as recorded in the register maintained by the Trust, being the Beneficial Owners, and their spouses and descendants.

3.2.3 *Application process*

Applications for health grants must be made on the form set out in Appendix 5 (as amended from time to time by the CCL board).

3.3 Cultural grants

3.3.1 *Categories of cultural grants*

The categories, purposes, eligibility and values of the health grants offered by CCL are set out in Appendix 6.

3.3.2 *Application process*

Applications for tangihanga grants must be made on the form set out in Appendix 7 (as amended from time to time by the CCL board).

APPENDIX 1 – EDUCATIONAL GRANTS – CATEGORIES, VALUES, NUMBER AND CAPS

CATEGORY OF GRANT	VALUE OF EACH GRANT	NUMBER OF GRANTS ON OFFER EACH YEAR	TOTAL CAP FOR ALL GRANTS IN THIS CATEGORY
Pre-school	[CCL board discretion]	Unlimited	NZ\$25,000
Primary School (Years 1 to 6)	[CCL board discretion]	Unlimited	NZ\$35,000
Intermediate (Years 7 and 8)	[CCL board discretion]	Unlimited	NZ\$35,000
Secondary School (Years 9 and 10)	NZ\$100	Unlimited	No cap
Secondary School (Years 11 to 13)	NZ\$250	Unlimited	No cap
Tertiary	NZ\$1,000	Unlimited	No cap
Beneficial Owners Scholarship	NZ\$10,000	1	NZ\$10,000
Ngāti Tahu Scholarship	NZ\$5,000	2	NZ\$10,000