

# Te Tātarakihi

## October 2016



# Ngati Hine Forestry Trust – Panui 14

## October 2016

### Notice of the 2016 Annual General Meeting

We invite you as beneficial owners of the Trust to the 2016 AGM – Nau mai, haere mai ra e te iwi.

The arrangements for the hui are:

Venue: **Motatau Marae**  
Date: **Saturday 29 October 2016**

### Agenda

8.30 am Owner registration and morning tea

9.30 am Karakia and mihi mihi

Meeting commences, Apologies, Trustee's Report, Financial Report for 2015/2016, Auditors Report, Appointment of auditors for 2016/2017, election for Trustees if needed

1.00 pm Karakia whakakapi

Lunch will be served at the conclusion of the hui.

### Proxies:

A standard proxy form is to be completed by any owner who wishes to appoint another person to be their representative at the AGM election.

- To be valid and accepted by the Trust, the proxy form must be completed on the form attached to this newsletter (or down loaded from the web site [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)) and received by the Trust (at 6 Vinery Lane, Whangarei) at least seven days in advance of the AGM, that is by 5 pm on Friday 21 October 2016.
- Late proxies will not be accepted after this date, or at the AGM.
- A schedule of proxies will be prepared and made available at the meeting.
- Photocopies of the proxy form are acceptable.
- Any mature, responsible person may be appointed as a proxy holder.

### Nominations for election to be a Trustee:

A standard Trustee Nomination form is to be completed and signed by the proposer, seconder and nominee.

- Three of the seven Trustees are to stand down this year. They are Pita Tipene, Pita Cherrington and Peeni Henare.
- All nominations for Trustee must be in the form as attached to this newsletter, or by down loading it from the web site [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)
- Nominations for Trustees must be received by the Trust (at 6 Vinery Lane, Whangarei) at least fourteen (14) days in advance of the AGM; that is by 5 pm on Friday 14 October 2016.

*Front Cover: Pita Tipene along with two young Ngati Hine, Marino Tautari and Hendrix Hura at the Turners and Growers kiwifruit packing shed in Kerikeri.*

- Late nominations will not be accepted after this date or at the AGM.
- Two existing owners must nominate and second the nominee.
- The nominee must sign the form and should submit a statement of experience and capability (e.g. a CV) at least fourteen days before the meeting for consideration by the owners at the AGM, that is, by 5pm on Friday 14 October 2016
- Photocopies of the nomination form are acceptable.

### **Voting For Trustees:**

The only people who are able to vote at the AGM election for Trustees are:

- Those who are recorded as individual owners on the Maori Land Court schedule of owners.
- Proxy holders for whom proxy forms were submitted seven days before the AGM.

Voting forms, if required, will be provided at the registration desk on the day of the AGM.

### **Election Process and Counting of Votes Options:**

The current Trust Order states that the election for Trustees shall be carried out as follows:

4.8.7 If the number of valid nominations for the position of Trustee received by the Trust under clause 4.8.5 hereof exceeds the number of vacancies, then an election shall be held at the annual general meeting in such manner as the person acting as Chair of the meeting shall direct, provided however that:

(1) Voting will be by secret ballot.

(2) Before the election process commences, the Chair of the meeting shall determine from the meeting as to how the votes will be counted which will be either: -

**BY** Individual Beneficial owners present at the meeting or represented by proxy with each Beneficial owner or proxy of a Beneficial owner having one (1) vote;

**OR:**

If requested by at least twenty (20) individual Beneficial owners present at the meeting: -

**BY** a poll vote where the matter shall be determined by the Beneficial owners or their proxies voting in accordance with their shares or the shares represented by them.

Therefore, at the beginning of the election part of the agenda the Chairman will determine from those beneficial owners present or their proxies as to whether or not the votes will be counted by a poll vote (i.e. in accordance with their number of shares) or by one person/ one proxy one vote.

Once the method of counting votes has been determined the nominees for the position of Trustee will be invited to address the meeting prior to the owners casting their vote.

## **Other Information**

### **Harvesting of the Matawaia Forest:**

The harvesting of the 416 hectares of the Matawaia pine forest crop is nearing its conclusion with harvesting expected to be completed prior to Christmas. Planting of a second rotation pine crop commenced in 2015 with 129.7 hectares being planted and a further 155.2 hectares planted in 2016. The balance will be replanted in 2017.

The Matawaia Forest pine crop is owned by Taitokerau Forests Ltd (TFL) which has a forestry right (which is similar to a lease) over the trees. This means TFL own the trees. TFL awarded the Harvesting and Marketing contract to the Ngati Hine Forestry Trust and Kiwi Forestry International Ltd 50/50 Joint Venture Partnership Company.

This partnership involves the harvesting and marketing of the Matawaia first rotation crop and for the planting and management for 28 years of the second rotation crop of the Matawaia Forest area.

This 50/50 JV partnership has a number of advantages to the beneficial owners; these being:

- The Trust being directly involved in the harvesting and marketing operation to ensure that employment opportunities for local people and contractors are maximised.
- The cost of planting the second rotation and managing the crop for 28 years will be met from income generated by undertaking the harvesting and marketing contract with TFL meaning that no cash is required from the Trust
- At the time of harvest of the second rotation crop in 28 years the Trust will receive 50% of the harvest proceeds
- The Trust is also receiving the Crown grant monies via TFL during the current harvest as provided for in the loan arrangements with the Crown.

### **Ruatangata Forest:**

This is an area of the forest comprising some 430 hectares of forest crop, which until February 2015 was included in the lease to Taumata Plantations Limited (TPL) with the forest crop owned by the lessee TPL 4. The Trustees successfully completed negotiations with the lessee TPL 4 which saw this forest area removed from the lease and the ownership of the pine forest crop transferred to the Trust at no cost.

In March 2015 the Trust appointed Northland Forest Managers (1995) Limited as the Trust's harvesting and marketing contractor to manage the harvest and sale of the pine crop. A blessing ceremony was held on site on 1 December 2015 and initial road lining harvesting and construction of roads and skid sites was undertaken from mid January 2016 to mid May 2016.

In late 2015 the Trustees reconsidered their strategy on how best to gain the maximum value of the forest and on receipt of a stumpage sale offer subsequently entered into a stumpage sale of the tree crop with Aubade New Zealand Limited. This sale at a price of \$8,486,500.00 was transacted on 23 May 2016.

From this amount the Trust has paid income tax of \$1.4 million and repaid all of its debts to Housing NZ and Westpac amounting to some \$4.4 million.

The harvesting and marketing contract with Northland Forest Managers (1995) Limited was consequently terminated. Aubade will commence their harvesting operations in Spring 2016 utilising local harvesting contractors.

#### **Taumata Plantations Lease - Harvesting by Hancock's:**

During 2016 the leasee Taumata Plantations Limited (TPL) handed back some 565 hectares of harvested forest land to the Trust. There is still some 1,560 hectares still to be harvested prior to the expiry of this lease in September 2021.

TPL have recently reiterated that they do not wish to enter into any form of second rotation arrangement with the Trust.

Discussions are ongoing with TPL with regard to the roading compensation provision contained within the lease which is due to be paid at the conclusion of the lease in 2021. The quantum of this amount has been determined through a valuation process as being \$445,000.00. The Trust has made strong representations to TPL seeking that this amount be written off. At the time of writing this matter had not been concluded.

#### **Kiwifruit Orchards:**

As you will be aware Psa V has arrived in Kerikeri three years ago with around 77 out of 108 orchards being identified as having Psa V to date.

The Trust two years ago commenced a process to convert the Trust's orchards to other varieties of kiwifruit that are less susceptible to Psa V and also to be more profitable with respect of the Trust's three Green kiwifruit orchards. In July 2014 one orchard Te Tara Kowhai was converted to A19 a Turners and Growers Gold variety. In July 2015 Ahuareka orchard was converted from Gold Hort 16 A to Zespri Gold 3.

Conversion of the remaining two orchards (Te Ara Kopeka and Paparata) will be considered in early 2017 with the likelihood that one further orchard will be converted during the winter of 2017.

#### **Manuka Honey:**

During 2013 the Trust entered the manuka honey business with a small trial joint venture. During 2015/2016 the Trust continued with its two manuka honey 50/50 joint ventures; Puawai Honey Limited with Tai Taitokerau Honey Limited (Rob Murray) and with Nga Bush Honey Limited (Jim Ngawati).

The total number of bee hives operated within both of these joint ventures as at 30 June 2016 was 972.

The Trust has this year reviewed the Trust's Manuka Honey activity with the aim of strengthening the business model to one that can support the significant expansion of the

business and enabling the Trust to be in direct control. Essentially this will mean that over time the Trust will move from being 50% shareholders in joint ventures to a situation whereby the Trust 100% owns and operates its manuka honey business.

The Trust has become a shareholder along with other Maori land owning groups in Taitokerau Miere Limited. The purpose of this company is to establish a collective of Taitokerau Maori Landowners for honey, nutraceuticals and other associated products that will create greater critical mass and stronger leverage in the honey value chain to ultimately benefit local communities through equitable wealth sharing and job creation. This collective model is still at the early stages of formation.

In addition the Trust has recently facilitated discussions with other Ngati Hine land owning entities and individuals with the view to seeing if a Ngati Hine collective approach to the manuka honey business can be established. Again the purpose being to create scale and leverage to maximise returns and retain those benefits within Ngati Hine. These discussions are ongoing.

#### **Financial:**

The audited financial statements will be presented to the beneficial owners at the AGM. However, it can be advised that as a consequence of the stumpage sale of the Ruatangata Forest the Trustees have repaid all of the remaining debt to Housing New Zealand and in July 2016 all of the remaining Kiwifruit Orchard mortgage debt owing to Westpac New Zealand has been repaid. This means that all of the Trust owned houses and kiwifruit orchards are now all mortgage free.

#### **Review of Te Ture Whenua Maori Act 1993:**

This Trust is administered in terms of Te Ture Whenua Maori Act 1993. There is proposed legislation "Te Ture Whenua Maori Bill" currently being considered by the Maori Affairs Select Committee. This is bill to restate and reform the law relating to Maori land.

Full details can be obtained from the Parliament web site [www.parliament.nz](http://www.parliament.nz)

#### **The Future:**

As has been stated previously the Trustees remain focused on the Trust's strategic plan which concentrates, over time, on becoming 'active' managers of our collective assets rather than being 'passive' custodians which has been the case up until recent time.

In terms of the Trust's corpus forest estate the Trustees have in place the following kaupapa to guide future decision making.

#### **Te Pae Tawhiti – Vision**

Our lands flourish with native flora and fauna providing a strong basis for commercial activities and enhanced well-being for our people.

#### **Kaupapa – Mission**

To restore our lands to native forest and apply sustainable activities to maximize the well-

being of our people.

This year the Trust planted a trial plot of 1.5 hectares of eco sourced manuka plants with the view of extending these plantings over the coming years. This strategy will over time assist with extending and enhancing the native bush areas while also supporting the Trust's manuka honey business.

While the intergenerational strategy is to return as much of the Trust's lands back into a healthy native forest, in the meantime, it will be necessary to return, at least initially, a significant part of the forest into a second rotation pine crop.

The huge cost of such an undertaking by the Trust itself is just not possible and investigations are continuing to find a joint venture partner to assist with undertaking such a project. The Trustees are mindful of the critical shareholders views with regards the current Taumata Plantations Limited lease and consequently a more beneficial joint venture arrangement will be sought. This will be a major piece of work for the Trust moving forward.

### **In Summary:**

Over the past year the Trust has converted the Ahuareka Kiwifruit orchard to Zespri G3, undertaken the stumpage sale of the Ruatangata Forest, repaid all of the Trust's debts, commenced a programme of planting manuka, reviewed the operation of the Trust's manuka honey business model, continued the second rotation planting programme at Matawaia with the Trust's JV partner, undertaken further work with respect of land use options (including a pine second rotation) for the lands being harvested by TPL and have engaged with TPL with regards the roading compensation lease provision.

Na reira haere mai, nau mai, piki mai ra koutou



Pita Tipene  
Chairman

### **Ngati Hine Forestry Trust Trustees:**

Pita Tipene (Chairman)  
Edward Beattie  
Peeni Henare  
Waihoroi Shortland

Pita Cherrington (Deputy Chairman)  
Pita Paraone  
Len Bristowe

### **Contact Details**

Email [ngatihft@xtra.co.nz](mailto:ngatihft@xtra.co.nz)  
Whangarei Office -  
Phone - 09 459 6425  
Postal Address

Webpage [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)  
6 Vinery Lane, Whangarei  
Fax – 09 459 6426  
P O Box 108, Whangarei 0140

**Ngati Hine Forestry Trust**

PO Box 108, Whangarei 0140

Note – To be valid, this form must be received in the hands of the Trust (at 6 Vinery Lane, Whangarei) at least fourteen days in advance of the annual general meeting, i.e. 5 pm on Friday 14 October 2016

**Trustee Nomination Form**  
(Refer clause 4.8.5 of the Trust order)

We, ..... (Name of proposer)

and .....(Name of seconder)

are beneficial owners in the Trust (i.e., recorded as beneficial owners in Ngatihine H2B on the schedule of owners maintained by the Maori Land Court) hereby nominate:

.....  
(Name of Nominee – block letters)

of .....  
(Address and phone numbers of Nominee – block letters)

as a candidate for the office of Trustee at the next General Meeting scheduled for Saturday 29 October 2016 or any adjournment thereof.

SIGNED this .....day of .....2016

..... (Signature of Beneficial Owner - proposer)

..... (Signature of Beneficial Owner - seconder)

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I ..... (Name of nominee – block letters) hereby consent to this nomination and submit (to the Trust) a statement of my experience and capabilities for consideration by the Beneficial Owners at the General Meeting. I further consent to this statement being published in the Trustees annual or interim report to the Beneficial Owners or being otherwise presented to the Beneficial Owners at the General Meeting.

..... (Signature of Candidate)



Desirable Qualities for Prospective New Trustees

**Te Ture Whenua Maori Act 1993 - Section 222:**

The Maori Land Court when considering whether or not to appoint a Trustee shall have regard to the ability, experience, and knowledge of the individual and shall not appoint an individual unless the Court is satisfied that the individual is broadly acceptable to the beneficiaries.

**Trustee Qualities:**

The Beneficial owners have directed that all Trustees and prospective Trustees will have the following qualities to provide the Trust with proper governance:-

<b>The Trustees will be:-</b>	<b>The Trustees will have: -</b>
Professional & competent	Knowledge of the Trust order
Committed to the Trust and all of the owners	Knowledge of the business of the Trust
Personally successful	Integrity
Experienced & respected	Proven leadership
Impartial	Time available for the Trust's business
Prudent but innovative and entrepreneurial	Ability to focus on big (Governance) picture issues
Personally accountable	No personal agendas
Able to work as part of a team	

**Trustees and Prospective Lenders:**

Currently the Trust does not have any debts or mortgages.

However, at some point in the future, Trustees may wish on a business case by business case basis wish to borrow money for new investment projects or expanding one or more of the existing asset classes.

Prospective lenders as part of their due diligence process would undertake credit and reference checking of Trustees. Lenders have previously indicated that, as examples, people with criminal convictions or who have been or are adjudged bankrupt or have a poor credit rating will not be considered suitable Trustees for the purposes of lending.

Prospective Trustees should take these factors into account in considering whether to accept a nomination as Trustee.

**Ngati Hine Forestry Trust**

PO Box 108, Whangarei 0140

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**Note – to be valid, this form must be physically received by the Trust (at 6 Vinery Lane, Whangarei) at least seven days in advance of the annual general meeting, i.e. 5 pm Friday 21 October 2016**

**Proxy Notice Form**

**(Refer clause 4.8.6 of the Trust Order)**

I, .....(block letters)

of .....

Number of Shares?:.....

being a beneficial owner of the Ngati Hine Forestry Trust (i.e. recorded as a beneficial owner in Ngatihine H2B on the schedule of owners maintained by the Maori Land Court), hereby appoint:

..... (block letters)

of .....

or failing him/her, ..... (block letters)

of .....

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Trust, to be held on 29 October 2016 and at any adjournment thereof.

**SIGNED this .....day of .....2016**

**Signature of beneficial owner:** .....

**SIGNED in the presence of:** .....

**(Signature of Witness)**

**Full name of witness (block letters):** .....

**Occupation:** .....

**Address:** .....

.....