

Ngāti Hine Forestry Trust Annual Report



2021



2021 Annual Report to Owners

For the Twelve Months Ended 30 June 2021

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Annual General Meeting Agenda

Chairman's Introduction
Presentation of the 2021 Annual Report
Presentation of the 2020/2021 Financial Statements
Audit Report
Recommendations to Owners
Election of Trustees
Poroporoaki
Lunch



Ngāti Hine Forestry Trust

2021 Annual Report

Tena rā koutou e te iwi

E mihi tonu ana ki a koutou katoa e te iwi, no koutou kē ngā whenua, e tiaki mai nei e mātou ngā tarahiti tokowhitu.

Me mihi tonu rā hoki ki te hunga kua ngaro i te tirohanga kanohi, hāere e ngā mate, whakangaro atu ki tēra o ngā kainga, e kīa nei ko te kāinga tūturu mo tātou te tangata. Okioki mai rā e te hunga mate.

Ka hoki anō ki a tātou te hunga ora, e oke tonu nei, ki te whakakō atu, ki te whakatutuki hoki i ngā kaupapa kua waihotia mai e rātou mā, tēna rā koutou katoa.

Executive Summary

There have been changes in Trust's management team. Huhana Lyndon departed the Trust in May 2021 and Guy Holroyd was subsequently appointed as the new CEO. Guy has a background in global finance and banking and brings a new perspective to the Trust's management team.

A very significant point is that the harvesting by lessee TPL 4 (Hancock) which commenced in 2008 has come to an end and the planting of a second rotation of pine by the Crown under the Forestry Right entered in early 2018 with the Trust is now well established.

The Trust has over this last financial year continued to commit investment to the completion of cultivar conversions of two of the Trust's kiwifruit orchards to Zespri SunGold G3. The Trust also purchased another Zespri SunGold G3 kiwifruit orchard in November 2020, bringing the number of orchards up to six.

Significant funding has been secured (effective after balance date) from the Crown to undertake research on how to over time change from a pine forest regime to predominately indigenous forestry and to also undertake a creditable pest control programme.

The manuka honey business has continued to be problematic with a total restructuring process underway and significant improvement is expected over the coming years.



Strategic Intent

Te Pae Tawhiti – Our Vision

'He Whenua Hua - He Tangata Ora'

Productive lands - People Wellbeing

Kaupapa – Our Mission

'He Ringa Ahuwhenua, He Hanga Mahi' - To Actively Grow our Assets

Whaingā – Our Overall Goals

To Grow our Capacity and Capability, Maintain Key Partnerships and Influence Directly and Indirectly

Financial Report

The following is a summary of the 2020/2021 financial result:

	Net
Income	\$4,650,049
Expenditure	\$981,200
Profit before Taxation	\$3,668,849

While the Profit before Taxation is \$3,668,849 the taxable income for the year is lower due to non-taxable adjustments, the main one being the \$1,977,037 million increase in the value of the New Zealand Unit's (NZU's) held in the New Zealand Emissions Trading Scheme by the Trust. It is important to note that this item, whilst characterised as income to the trust, is a revaluation of the Trust's NZU holdings and is a "non-cash" item.

During the year \$4,556,876 was invested in the purchase of a kiwifruit orchard – Ahikiwi on 20 November 2020. This acquisition was funded by debt with Westpac.

The Westpac debt as at balance date was \$6,769,213.00 all of which relates to capital investments in kiwifruit over the past three years.

The mānuka honey business has been a disappointment with a loss of \$370,341 recorded. Steps have been taken post balance date to rectify this situation with a complete restructure of the business. The mānuka honey business is discussed in more detail later in this report.

The last ten houses within the Trust's housing portfolio were sold with the proceeds being reinvested in kiwifruit. There was a capital gain on the sale of these assets of \$332,505

The income stream from the Trust's Zespri SunGold G3 kiwifruit orchards and Zespri shares (as fully imputed dividends) made up the bulk of the Trust's revenue. The Zespri dividend was \$919,367 and net revenues from the orchards stood at \$1,301,852. At the current time only three of the six orchards owned by the trust are fully mature with the remaining



orchards having been converted to G3 Gold in 2019 & 2020 and still in development towards full production.

Whilst the combined kiwifruit industry returns remained strong in the 2021 financial year it should be noted that this income can fluctuate widely and is subject to all the seasonal and market risks associated with any horticultural business. Trustees are cognisant of these risks and are focussed on applying revenues to paying down the Westpac debt over the next few years.

Forest Harvesting

The lessee of a portion of our lands, TPL 4 (Taumata Plantations Ltd), have, through their agents Hancock Forest Management NZ Ltd (Hancock) been harvesting their lease area steadily since 2008. This is the lease that was signed in 1981.

As the TPL 4 forest lease area is harvested these harvested areas have been progressively surrendered back to the Trust. Harvesting has now been completed with the lease to TPL 4 having expired on 30 September 2021. Most of the land that was leased to TPL 4 is now contained within the Forestry Right with the Crown.

Second Rotation Pine Crop - Forestry Right with the Crown

As has been reported previously, the Trust's intergenerational land utilisation 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, and third pine crop.

The Trust is therefore implementing a mosaic approach which has been presented at previous meetings with the long-term goal to transition over time the forest lands from exotic pine to native species based on scientific evidence as to optimal land utilisation.

The arrangement entered with the Crown in the form of a Forestry Right was communicated in detail in the Trust's May 2018 panui, 'Te Tātarakihi' and in the 2018 Annual Report and reported on at the 2018 AGM.

The Forestry Right with the Crown is for one rotation only and it includes the requirement for the Crown to plant a third rotation at its cost which will then be owned 100% by the Trust. It is envisaged that up to 3,600 hectares of land will be established as a productive pinus radiata crop under this Forestry Right. All costs are met by the Crown.

The Trust receives an annual rental through-out the term of the Forestry Right and a very significant percentage of the net stumpage upon harvest.

The Forestry Right with the Crown includes the operation of a Joint Management Committee which will enable the Trustees to actively participate in the oversight of all forestry activities over the period of the rotation.



The Forestry Right agreement with the Crown, is a significant step towards the ultimate goal of self-determination, including at the end of this second rotation the Trust finally owning and managing 100% of the third rotation forest crop.

Harvesting of the second rotation is forecast to start around 2035.

Ruatangata Forest

This is an area of the forest comprising some 430 hectares of first forest crop, which until February 2015 was included in the lease to Taumata Plantations Limited (TPL 4) with the forest crop owned by the lessee TPL 4.

In May 2016 the Trust transacted a stumpage sale of this forest to Aubade New Zealand Limited. Aubade will be completing the harvest of the last remaining remnants of pine this coming summer.

The harvested areas within this forest are forming part of the Forestry Right with the Crown, however, those areas which are not best suited for pine and are better suited to native are either being planted in manuka or left to regenerate back into native.

Matawaia Forest

The Matawaia forest has been a distinct forest within the overall lands of the Trust. The harvesting of the 351 hectares of the Matawaia pine forest crop by Tai Tokerau Forests Ltd (TFL) which commenced in 2013 was completed in 2018/2019. TFL has now been wound up.

The Trust entered a 50/50 Joint Venture Partnership with Kiwi Forestry International Ltd in 2013. This partnership involved the planting and management for 28 years of the second rotation crop of the Matawaia Forest area.

Planting of a second rotation pine crop commenced in 2015 and concluded in the winter of 2018. A total of 283.1 hectares of second rotation pine has been established of which 50% is owned by the Trust.

The remaining areas are either very steep land and or wetland areas which will not be replanted in pine but rather have either been planted in mānuka or left to regenerate back into native.

Emissions Trading Scheme (ETS)

All of the first rotation pine plantation of 4,564 hectares situated on the Trust land is pre 1990 forest in terms of the Climate Change Response Act 2002 (Emissions Trading Scheme). This means that the Trust must ensure that this land is returned to a defined forest species after harvest that meets the criteria which is laid down in the Emission Trading Scheme (ETS).



The ETS criterion states that at four years after harvest the land must either have 500 stems per hectare of exotic forest species (e.g., pine) or be regenerating predominantly in indigenous species (e.g., mānuka) which is growing in a manner that is likely to become forest land ten years after the harvest and that at twenty years there is crown cover of at least 30% from trees that have reached 5 metres in height.

The Trust still holds 171,172 NZU's which had a tradable value as at 30 June 2021 of \$7,437,424 (= \$43.45 per NZU). As stated earlier in this report, it is important to note that fluctuations in the value of NZU's flow through to the Trust's Profit & Loss statement however they do not represent cash income for either reinvestment or distribution. The trustees have begun an investigation into potential uses/alternatives for the holdings of NZU's and are currently formulating a strategy around this.

In August 2013 the Trust lodged with the Waitangi Tribunal a contemporary claim against the imposition by the Crown of the ETS upon the Trust's forest lands. This claim is registered as Wai 2397. The Trustees are continuing to progress this claim in conjunction with its lawyers (funded via Legal Aid) as quickly as is possible, however, as reported previously any early resolution is not anticipated.

He Ringa Ahuwhenua, He Hanga Mahi

The vision for the Ngāti Hine Forestry Trust as previously outlined to the beneficial owners and touched on above is that over the next one or two generations that around 3,500 hectares of the Trust's 5,600 hectare estate will be predominately indigenous forestry.

To this end significant funding covering a three-year timeframe has been secured from the Crown via the Ministry for Primary Industries (MPI) to enable a He Ringa Ahuwhenua, He Hanga Mahi project in conjunction with SCION (The Crown Forestry Research Institute based in Rotorua). This Mātauranga led project will deliver a co-designed, evidence-based pathway for transitioning from an exotic pine forest into an indigenous forest system.

The project has three core components; a series of hui and wananga, forestry trials and an indigenous forestry transition strategy.

This three-year rangahau project will test a kaupapa Māori led, science informed model for planning forestry futures which incorporate Mātauranga Māori and western forestry science to plan for a mixed mosaic planting system in response to future needs for indigenous timber, high value extracts and carbon sequestration alongside enhanced biodiversity outcomes and cultural values to enhance the future needs of Ngāti Hine people.

This research partnership will provide further foundational steps towards an industry scale transition methodology, unique to New Zealand and meeting the aspirations of many Māori forest owners.



Pest Control

The Trust has secured significant funding for three years from the Crown via the Department of Conservation (DOC) Jobs for Nature fund to undertake extensive pest control operations over an initial three-year period within the Trust's forest estate. This programme of work is to start shortly.

Mānuka Honey

In past annual reports there has been extensive explanation as to the reasons for the poor performance of the Trust's honey business, namely, previous poor seasons due to climate conditions. The manuka business recorded a loss of \$370,341 in the current financial year and will record further losses due to the write down in values of the Trust's manuka inventories as well as impairment to the value of hives and beekeeping equipment. The beekeeping business has been heavily impacted by the presence of American Foulbrood (AFB). AFB is a disease caused by a bacterium present in the hives and once infected there is no cure, infected hives must be destroyed.

The industry, however, is still facing challenges in terms of profitability mainly due to a very large overhang/surplus of inventories stored around the country and an ongoing surplus of production (too many hives).

Beekeepers in Te Tai Tokerau also face the challenge relating to the Government's regulation determining a scientific definition so as to determine what can be called Mānuka Honey. This means that a significant (c.40%) and fluctuating proportion of the mānuka honey crop in Tai Tokerau can now no longer be labelled Mānuka.

Despite these various challenges the Trustees continue to believe that the mānuka honey business has a good synergy with the whenua and that long term there is a future for Mānuka honey and oil.

Post balance date, the manuka business has been totally restructured. A sales plan is being undertaken to sell the honey already in storage and a joint venture agreement entered into with Oha Honey Limited, a fully owned subsidiary of Ngai Tahu who will manage all beehive operations and future honey sales.

Nutraceuticals

The Trust owns 100% of Hineora Limited, a vehicle for the Trust to enter into the nutraceutical industry. The Directors are Len Bristowe and Ernest Morton.

This business is based on extracting bio-active substances from native plants located on Trust whenua and creating health products that can be sold with the Ngāti Hine story both domestically and overseas. The Trust has since 2017 had research undertaken with funding having been received from external sources and with university expertise. This scientific research is continuing.



It is envisaged that future Ngāti Hine branding and story would be the same for both mānuka honey and any nutraceutical product that is developed.

This business opportunity is commercially sensitive as this is an extremely competitive market and thus regrettably the Trustees remain unable to disclose details at this stage.

Kiwifruit Orchards - Paparata, Te Tara Kowhai, Te Ara Kopeka, Ahuareka, Pukerau and Ahikiwi

The trust now owns six kiwifruit orchards in Kerikeri – Waipapa comprising 49.7456 hectares of land, on which there is 32.22 hectares of Zespri SunGold G3 kiwifruit canopy.

Paparata, Te Tara Kowhai and Te Ara Kopeka were purchased by the trust in 2004. Āhuareka was purchased in December 2006, Pukerau in December 2018 and Ahikiwi in November 2020. A brief overview of the orchards are below:

Ahuareka – KPIN 6275

7.5207 hectares of land

5.64 hectares of canopy Zespri SunGold G3

Pukerau – KPIN 3330

7.8201 hectares of land

4.01 hectares of canopy Zespri SunGold G3

Paparata – KPIN 3566

9.5828 hectares of land

6.33 hectares of canopy Zespri SunGold G3 (cultivar conversion to SunGold July/August 2020).

Te Tara Kowhai – KPIN 2953

10.5013 hectares of land

6.73 hectares of canopy Zespri SunGold G3 (cultivar conversion to SunGold July 2020).

Te Ara Kopeka – KPIN 8181

8.1467 hectares of land

5.25 hectares of canopy Zespri SunGold G3 (cultivar conversion to SunGold July 2019).

Ahikiwi – KPIN 7405

6.1740 hectares of land

4.26 hectares of canopy Zespri SunGold G3

Since December 2018 the trust has invested around \$15 million into kiwifruit orchards by undertaking cultivar conversions on existing orchards to SunGold G3 and purchasing two new SunGold G3 orchards (Pukerau and Ahikiwi). This investment has been made by half cash through the proceeds of the sale of the trust’s housing portfolio and half by Westpac bank borrowing.



The net profit from all orchards was \$1,301,852. It should be noted that production costs for managing the orchards are between \$50,000 and \$60,000 per hectare. Our objective is to have all orchards achieving full SunGold G3 production by 2024/2025. When achieved, the orchards are anticipated to be a significant ongoing revenue stream for the trust however, as previously stated, there is the possibility of wide fluctuations in these revenue streams due to seasonal and market related risks. There are also significant costs involved in managing the orchards (as outlined above) which represent outgoings every year prior to any harvest returns being received. For these reasons, the Management team and Trustees are in agreement on prioritising the repayment of debt from orchard revenues.

Investment in the kiwifruit industry is a very significant undertaking for the Trust and ongoing efforts to continually improve management capability and oversight of the assets remains a focus.

All orchards are currently leased to Seeka Limited. These leases are of a profit share nature which provide a monthly rental being a share of the profit in advance. Seasonal operating losses sustained are carried by Seeka until the following season. Seeka effectively provide working capital for orchard operations however long term risks associated with this industry remain with the Trust.

Zespri Shares

The Trust owns 490,620 shares in Zespri.

During 2020/2021 the Trust received \$919,367 in net cash.

The total cost of purchasing these Zespri shares between 2005 and 2011 was \$292,037.00.

The approximate value of a Zespri share in August 2021 was \$10.00. At this value the Trust's shares are worth in the region of \$4.9 million. The Zespri share investment delivered a strong performance again this financial year.

Housing Portfolio

As reported on previous occasions the Trustees decided over three years ago that the provision of social housing is no longer a primary objective of the Trust. The Trust sold its houses in Moerewa and Kawakawa during 2017 and 2018 and reinvested the proceeds into Kiwifruit.

During the 2020/2021 financial year the Trust sold its ten remaining houses in Kaikohe on 2 September 2020 for \$2,549,078. This money was then used towards the purchase of another kiwifruit orchard – Ahikiwi in November 2020.

Post Graduate Tertiary Education and Education and Training Assistance Grants – Clauses 7.7 and 7.8 of Trust Order

There were no study grants made during the 2020/2021 financial year.



Marae Grants

The Trust Order at clause 7.6 provides the mechanism by which grants of a capital nature can be made to Ngāti Hine Marae. Grants can only be made in terms of a policy approved by beneficial owners at a general meeting with a maximum spend of \$100,000 in any one financial year.

The Marae Grants Policy was approved by beneficial owners at an AGM on 18 November 2017. This policy set a limit of \$50,000 for any one Marae. Unless the Marae is registered as a Charitable Trust these grants are deemed distributions to members in terms of the Trust Order and tax credits at the Māori Authority rate of 17.5% have to be attached.

The trust during the 2020/2021 financial year provided capital grants to four Ngāti Hine Marae; namely Mohinui \$49,450 towards a new floor, Tau Henare \$50,000 towards redevelopment, Te Rito \$50,000 towards a new ablution block and Otiria \$6,061 being first payment towards restoration of the pou kara (flagpole).

Changes in Personnel:

In May 2021 Huhana Lyndon resigned as the trust's CEO to take up the CEO role with the Ngāti Wai Trust Board.

Guy Holroyd was subsequently appointed as the new CEO

Just recently Heidi Mackey has joined the staffing team to provide high level leadership of the He Ringa Ahuwhenua, He Hanga Mahi and Pest Control projects and in-house legal support.

Dividends

The Trustees have taken due diligence and investigations as to how a sustainable dividends regime could operate and when the payment of dividends could realistically commence.

Currently the priority is to repay the kiwifruit investment debt thus providing clear cash income. Also, trustees are investigating how to best leverage income from its NZU's which are sitting on the balance sheet and also how to bring forward some of the value in the Trust's interest in the second rotation pine crop. The clearing of debt, the expansion of income earning assets (possibly carbon farming) and bringing value forward would put the Trust in a financial position of being able to pay dividends.

Part of these processes could well see a restructure of how the Trust holds and manages its investment assets. Work is presently underway as to what is the best approach or vehicle to deliver the best returns to beneficial owners.



Summary

The Trust is now a very significant player in the kiwifruit industry in Kerikeri. Significant capital investment has been made over the past three years with the objective of establishing a strong income stream once debt has been repaid.

The forest estate is now in a stable and productive arrangement under the Crown Forestry Right. This will enable the trust to begin planning the establishment of a forestry management team with associated employment. As outlined above, a large research project has been started to find the “the how to” for the transition from a pine regime to native forests for the coming generations. In the meantime, a sizable pest control programme is commencing that will bring back bird song to the forest including protecting kiwi.

The Trustees are actively looking to better utilise the value in the Trust’s Forest and NZU assets on the balance sheet together with the clearing debt to pave the way to be able to pay dividends. This may include further capital investment, for example, carbon farming through leveraging assets already on the balance sheet.

Nā, kua mutu tēnei rīpoata ki kōnei, tēna rawa atu koutou katoa.

A handwritten signature in black ink, appearing to read 'Pita Tipene'.

Pita Tipene
Chairman
Ngāti Hine Forestry Trust

Ngati Hine Forestry Trust Group - Annual Report

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

Prepared by Sumpter Baughen

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Directory

Ngati Hine Forestry Trust Group For the year ended 30 June 2021

Nature of Business

Administration, ownership of land for afforestation, horticulture, manuka honey, nutraceuticals and housing

Address

6 Vinery Lane

Whangarei

Trust Formation Date

23 December 1974

Trustees

Mr J Baker
Mr L Bristowe
Mr P Cherrington
Mr E Morton
Mr W Shortland
Mr P Tipene
Mr J Beattie

Group Members

Ngati Hine Forestry Trust
Hineora Limited
Ngati Hine Housing Limited

Beneficiaries

Ngathine H2B Beneficiaries as per list held by the Maori Land Court

Chartered Accountant

Sumpter Baughen Chartered Accountants Limited

Bankers

Westpac NZ Ltd

Solicitors

Thomson Wilson Law

Auditor

BDO Northland


Approval of Financial Report

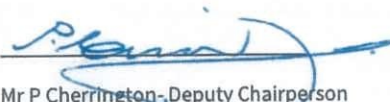
Ngati Hine Forestry Trust Group For the year ended 30 June 2021

The Trustees are pleased to present the approved financial report including the historical financial statements of Ngati Hine Forestry Trust Group for year ended 30 June 2021.

APPROVED

For and on behalf of the Trustees



Mr P Tipene- Chairperson
Date 2/5/22

Mr P Cherrington- Deputy Chairperson
Date 2/5/2022

Divisional Statement of Profit or Loss- Forestry

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
Emissions Trading Scheme - Allocation of NZU's		1,977,037	1,506,313
Harvest Grant		8,302	11,070
Rent - Crown		263,110	222,747
Total Trading Income		2,248,449	1,740,130
Gross Profit		2,248,449	1,740,130
Other Income			
Nga Whenua Rahui Project		-	9,734
Sundry Income		19,608	-
Total Other Income		19,608	9,734
Total Income		2,268,057	1,749,864
Expenses			
Operating Expenses			
Forestry Consultants		11,734	5,588
Kiwi Monitoring		-	6,924
Legal Fees		-	6,936
Pest Control		-	2,810
Repairs and Maintenance - Forestry		38,988	60,666
Total Operating Expenses		50,722	82,924
Total Expenses		50,722	82,924
Profit (Loss) Before Taxation		2,217,335	1,666,940


BDO Northland
Assurance 

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Divisional Statement of Profit or Loss- Honey

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
Honey Sales		2,424	495,336
Land Lease Received		8,640	-
Total Trading Income		11,064	495,336
Cost of Sales			
Opening Stock	12	297,506	236,131
Direct Honey Costs	12	-	106,278
Closing Stock	12	(491,054)	(297,506)
Stock Impairment Allowance	12	327,369	-
Total Cost of Sales		133,821	44,903
Gross Profit		(122,757)	450,433
Total Income		(122,757)	450,433
Expenses			
Operating Expenses			
Bee Food & Health		9,729	11,769
Beekeeping		186,243	184,708
Extraction and Processing		5,570	14,486
Management Costs - Honey Project		40,471	49,382
Repairs & Maintenance		2,596	-
Testing		2,975	4,948
Total Operating Expenses		247,584	265,293
Total Expenses		247,584	265,293
Profit (Loss) Before Taxation		(370,341)	185,140

BDO Northland
Assurance 

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Divisional Statement of Profit or Loss- Kaikohe Housing

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
Rent Received Housing Portfolio		33,622	189,834
Total Trading Income		33,622	189,834
Gross Profit			
		33,622	189,834
Total Income			
		33,622	189,834
Expenses			
Operating Expenses			
HNZC Management Fee		5,043	28,475
Insurance Housing Portfolio		6,010	18,456
Management Fee Housing Portfolio		4,146	16,556
Rates Housing Portfolio		9,491	26,547
Repairs & Maintenance Housing Portfolio		7,203	5,705
Total Operating Expenses		31,893	95,739
Total Expenses		31,893	95,739
Profit (Loss) Before Taxation		1,729	94,095

The Kaikohe houses were sold during 2021 therefore this divisional profit centre will be discontinued in 2022.



These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Divisional Statement of Profit or Loss- MPI Training Contract

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
MPI Funding		357,609	602,647
Total Trading Income		357,609	602,647
Gross Profit			
		357,609	602,647
Total Income			
		357,609	602,647
Expenses			
Operating Expenses			
Wages		117,475	78,549
Wages- Kiwisaver Contributions		1,977	1,618
Office Expenses		3,449	4,655
Project Management		13,416	89,640
Training Programme		98,700	30,440
Total Operating Expenses		235,017	204,902
Total Expenses		235,017	204,902
Profit (Loss) Before Taxation		122,592	397,745

As at balance date the Manuka Planitation training is complete.

BDO Northland Assurance <i>BD</i>

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Divisional Statement of Profit or Loss- Kiwifruit Orchards

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
Lease - Orchard Ahikiwi		24,850	-
Lease - Orchard Ahuareka		56,400	56,400
Lease - Orchard Paparata		40,450	37,680
Lease - Orchard Pukerau		38,500	38,500
Lease - Orchard Te Ara Kopeka		45,081	13,150
Lease - Orchard Te Tara Kowhai		42,623	40,380
Profit Share - Orchard Ahikiwi		167,116	-
Profit Share - Orchard Ahuareka		534,884	565,341
Profit Share - Orchard Paparata		108,358	46,469
Profit Share - Orchard Pukerau		477,733	385,585
Profit Share - Orchard Te Ara Kopeka		-	52,280
Rent - Orchard House		15,080	15,130
Rent - Orchard Sheds Pukerau		7,200	7,200
Total Trading Income		1,558,275	1,258,115
Gross Profit		1,558,275	1,258,115
Other Income			
Pastoral Care Funding		33,750	-
Total Other Income		33,750	-
Expenses			
Operating Expenses			
Interest - Term Loans		241,586	91,645
Project Management - Pastoral Care		30,000	-
Repairs and Maintenance - Orchards		-	742
Replacement Planting		16,651	2,978
Training Programme- Orchard		1,936	-
Total Operating Expenses		290,173	95,365
Total Expenses		290,173	95,365
Profit (Loss) Before Taxation		1,301,852	1,162,750

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Combined Statement of Profit or Loss


Ngati Hine Forestry Trust Group For the year ended 30 June 2021

	NOTES	2021	2020
Divisional Revenue			
Profit from Forestry		2,217,335	1,666,940
Profit from Honey		(370,341)	185,140
Profit from Kaikohe Housing		1,729	94,095
Profit from MPI Training Contract		122,592	397,745
Profit from Kiwifruit Orchards		1,301,852	1,162,750
Total Divisional Revenue		3,273,167	3,506,670
Gross Profit		3,273,167	3,506,670
Other Income			
Capital Gain on Sale of Fixed Assets		332,505	-
Depreciation Recovered		30,328	-
Dividends Received		919,367	541,394
EOY Management Fee - Housing Projects		5,043	28,475
He Mahi Tautoko Pukenga Funding		10,773	-
Interest Received		284	41,435
MSD - Covid 19 Community Grant		65,000	-
Non Taxable Dividends Received		16,523	-
Rent Received - Office		-	630
Share of Earnings and Distributions from Kiwi JV		(3,041)	(2,300)
Sundry Income		100	643
Total Other Income		1,376,882	610,277
Total Income		4,650,049	4,116,947
Expenses			
Operating Expenses			
AGM/SGM Expenses	10	18,082	18,043
Consultancy		44,139	50,466
Electricity - Office		1,432	961
Motor Vehicle		15,006	22,157
Salaries & Wages		194,145	196,057
Research & Development		9,031	-
Study/Training Grants		2,000	-
Wages - Kiwisaver Contributions		5,915	5,760
Feasibility Expense		6,219	-
Impairment of Investment		2,000	-
Operating Expenses - MSD		65,000	-
Total Operating Expenses		362,969	293,444

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

	NOTES	2021	2020
Administration Expenses			
Accountancy		36,132	38,058
Audit Fees		15,047	16,750
Bank Fees		1,709	922
FBT		6,768	6,134
Legal Fees		6,885	2,831
Legal Fees - Non Deductible		-	3,328
Printing Stationery & Typing		15,764	15,235
Non Deductible Expenditure		4,364	6,500
Loss on Disposal of Fixed Assets		86,859	83,657
Office Expenses		54,995	42,786
Subscriptions		7,885	9,885
Security		4,438	3,565
Trustees Meeting Expenses		6,199	6,852
Trustees Travel Expenses	17	31,549	20,333
Trustees Fees	17	110,000	72,400
Travel & Accommodation		4,343	-
Total Administration Expenses		392,937	329,236
Finance & Occupancy Expenses			
Accident Compensation Levy		700	572
Borrowing costs		1,500	-
Depreciation (as Scheduled)		120,729	106,953
Interest - Bank Overdraft		1,806	-
Insurance		44,124	44,294
Rent - Office Whg		26,267	24,503
Rates - Land & Water		29,931	15,408
Repairs & Maintenance		238	660
Total Finance & Occupancy Expenses		225,295	192,390
Total Expenses		981,200	815,069
Profit (Loss) Before Taxation		3,668,849	3,301,878
Trustees Income Before Tax		3,668,849	3,301,878
Taxation and Adjustments			
Income Tax	2	173,405	90,025
Total Taxation and Adjustments		173,405	90,025
Net Trustees Income for the Year		3,495,444	3,211,853

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Changes in Equity

Ngati Hine Forestry Trust Group
For the year ended 30 June 2021

	NOTES	2021	2020
Trust Equity			
Opening Balance	9	26,846,872	23,676,074
Movements			
Net Profit	9	3,495,444	3,211,853
Maori Grant Distributions	9	(145,700)	(41,055)
Total Movements		3,349,744	3,170,798
Total Trust Equity		30,196,616	26,846,872

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These financial statements are to be read in conjunction with accompanying Notes. These statements have been audited.

Balance Sheet

Ngati Hine Forestry Trust Group As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Current Assets			
Cash and Bank			
Westpac Business Trading Acct		282,182	59,525
Westpac Kaikohe Residential Acct 2		101	33,453
Westpac Manuka Training MPI		100	283,105
Westpac Moerewa Kawakawa Residential Acct 1		100	100
Westpac On Call Account		355,773	1,165,817
Westpac NZ Ltd		53,195	9,086
Total Cash and Bank		691,453	1,551,087
Trade and Other Receivables			
Accounts Receivable and Prepayments	11	37,799	173,758
Total Trade and Other Receivables		37,799	173,758
Accrued Income		222,604	226
GST Receivable		25,451	762,939
Income Tax Receivable	4	83,152	31,342
Inventories	12	163,685	297,506
Westpac Term Deposit		-	709,893
Total Current Assets		1,224,144	3,526,751
Current Liabilities			
Trade and Other Payables	13	160,853	4,713,441
Provision for Protection of Flora and Fauna	8	30,000	30,000
Employee Entitlements		12,096	14,734
Loans	7	1,372,637	120,000
Income in Advance	14	73,523	76,491
Protection of Flora and Fauna	8	162,876	162,876
MPI Tagged Funding		-	110,839
MSD Deferred Revenue		-	65,000
Total Current Liabilities		1,811,985	5,293,381
Working Capital		(587,841)	(1,766,631)

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

	NOTES	30 JUN 2021	30 JUN 2020
Non-Current Assets			
Investments			
Shares	6	292,661	322,059
Shares in Maori Land	6	314,731	314,731
Investment in Related Entities	15	(7,199)	(4,158)
Total Investments		600,193	632,632
Property, Plant and Equipment		26,238,890	22,896,355
Native Forest Restoration		978,608	845,445
Capitalised Cost of Forest		925,733	925,733
Emmissions Trading- NZU's		7,437,424	5,460,387
Tenancy Bond		560	560
Total Non-Current Assets		36,181,408	30,761,112
Total Non-Current Assets and Working Capital		35,593,567	28,994,482
Non-Current Liabilities			
Loans	7	5,396,376	2,147,035
NHH Ltd		575	575
Total Non-Current Liabilities		5,396,951	2,147,610
Net Assets		30,196,616	26,846,872
Equity			
Retained Earnings	9	22,598,116	19,248,372
Trust Corpus	9	7,598,500	7,598,500
Total Equity		30,196,616	26,846,872

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Notes to the Financial Statements

Ngati Hine Forestry Trust Group For the year ended 30 June 2021

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Group consists of the Trust and its wholly owned subsidiary Hineora Limited being a company incorporated under the Companies Act 1993.

Ngati Hine Forestry Trust is a an Ahu Whenua Trust established by a trust deed dated 23 December 1974, and subject to the Trusts Act 2019. Ngati Hine Forestry Trust Group is engaged in the business of administration, ownership of land for afforestation, horticulture, manuka honey, nutraceuticals and housing.

Hineora Limited is a wholly owned subsidiary engaged in nutraceuticals.

The special purpose financial report was authorised for issue in accordance with a resolution of Trustees dated 2.5.2022

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with A Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants.

Ngati Hine Forestry Trust is designated as an Ahu Whenua Trust and accordingly must comply with the Te Ture Whenua Maori Act 1993. There is no statutory requirement under this act or under the Trust Order to prepare financial statements in accordance with Generally Acceptance Accounting Practice. The Trustees identify the Trust as a for-profit entity and have elected to prepare financial statements on a special purpose basis.

The financial statements have been specifically prepared for internal use.

The accounting principles recognized as appropriate for measurement and reporting of the Combined Statement of Financial Performance and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$

Forestry Rights

The value of the Trust's interest in pine forestry rights have not been recognised in these financial statements. The varied economic conditions attached to deriving a valuation are subject to significant fluctuation. The benefits of this exercise are outweighed by the ongoing cost of obtaining valuations and the inherent difficulties in obtaining meaningful information.

Cost of Forest

The Stand Unit costing method has been used with forests being recorded at the cost of planting, silviculture and development costs. The Cost of Forest comprises the expenditure on these costs.



NZU's Emission Trading

Units acquired and retained by the Trust are recorded based on the tradable commodity value as at balance date. Any increase or decrease in value will be captured on an annual basis within the Statement of Financial Performance.

Changes in Accounting Policies

There have been no other changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

In prior years Hineora was accounted for using the equity method. In 2020 when it became wholly owned this was accepted on the basis of materiality.

In the current financial year group financial statement have been prepared and comparatives were adjusted.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

Donations and Grants with no "use or return" conditions are recorded when cash is received. Donations and grants with "use" or "return" conditions attached are recorded as a liability when cash is received and as conditions are met, the liability is reduced and revenue is recognised.

Profit shares pertaining to the kiwifruit orchards are recognised when they have been determined.

Inventories


Inventories are stated at the lower of cost, determined on a first-in-first-out basis, and net realisable value; on a FIFO Basis after making allowances for damaged or obsolete stock.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007.

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Land and buildings were revalued to Government Valuation at 1 September 1998. For financial reporting purposes this now represents deemed cost. The revaluation reserve created in 1998 has been absorbed with the accumulations balance of the Trust.

Kiwifruit licences are included in fixed assets.

The Ngati Hine Forestry Trust was gifted one pounamu stone on 17 January 1992 and another seven stones on 25 February 1995 from Ngai Tahu. These are classified as heritage assets for the purposes of financial reporting, however, due to the cultural significance of the pounamu it is not appropriate to place a monetary value on them. Therefore, they do not appear on the register of fixed assets.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in the Combined Statement of Profit or Loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Investments

Investments are carried at the lower of cost and net realisable value. Where in the Owners' opinion there has been a permanent reduction in the value of the investments this has been brought to account in the current period. Ngati Hine H2B Maori land shares were revalued in 2001.

Financial Instruments

Financial Instruments - Financial Assets

At initial recognition the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets intended to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost. Gains and losses are recognised in statement of financial performance when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in statement of financial performance when the assets are derecognised or impaired.

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Fair Value

Financial assets not held at amortised cost or cost are held at fair value. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Gains and losses are recognised in statement of financial performance for movements in the fair value of the assets and when the assets are derecognised.

Financial Instruments - Financial Liabilities

Financial liabilities, including borrowings, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in statement of financial performance.

Joint Ventures

Ngati Hine Forestry Trust has an interest in joint venture operations where they are entitled to a share of future economic benefits. Ngati Hine Forestry Trust's interest is recorded using the equity method which recognises the share of earnings and distributions received (in the statement of financial performance) and the share of net assets as an investment in joint ventures (in the statement of financial position).

Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Group. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with owners of the controlling entity in their capacity as owners, within net assets/equity. The financial statements of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

Marae Grant Distributions

The Ngati Hine Forestry Trust Order makes provision for distributions to be made to Marae (Clause 7.6). A Marae Grants policy was approved by beneficial owners at the Trusts AGM on 18 November 2017. Marae Grant payments are treated as distributions to members and are a deduction from equity. Depending on the tax status of the recipient Marae, the Trust may be required to attach Maori Authority Tax Credits and/or deduct Resident Withholding Tax from any payments made.

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Forestry Assets

All planted forestry assets have been recorded at cost including silviculture and development.

Native forest restoration has been treated as an asset on the basis that it will support future earnings from manuka honey and nutraceuticals. The Trustees have split project management related costs associated with the MPI training program as 50% capital and 50% expenditure in the year incurred.

	2021	2020
2. Tax Reconciliation		
Net Profit (Loss) Before Tax	3,668,849	3,301,878
Permanent Differences		
Capital Gain on Sale of Fixed Assets	(332,505)	-
Emissions Trading Scheme - Allocation of NZU's	(1,977,037)	(1,506,313)
Feasibility Expense	6,219	-
Holiday Pay Movement	(1,744)	4,093
Impairment of Investment	2,000	-
Imputation Credits to Gross up Dividend	116,691	85,509
Legal Fees - Non Deductible	-	3,328
Native Forest Restoration	(7,500)	(7,500)
Non Deductible Expenditure	4,364	6,500
Non Taxable Dividends Received	(16,523)	-
Study/Training Grants	2,000	-
Tax Losses Utilised This Year	(488,618)	(1,403,394)
Total Permanent Differences	(2,692,653)	(2,817,777)
Taxable Profit (Loss)	976,196	484,101
Tax Expense	173,405	90,025
	2021	2020
3. Tax Losses		
Unused income tax losses available to carry forward (excess imputation credits)	778,916	586,034
Total Tax Losses	778,916	586,034

The business surplus (deficit) returned for income tax differs from that shown in the financial statements. The difference has occurred because some figures are not tax deductible for income tax purposes, or other amounts may be required to be separately disclosed in the income tax return. The reconciliation between the two figures is as shown above.

The taxable profit in 2021 consists of a \$990,886 (2020 \$514,431) profit in Ngati Hine Forestry Trust and a \$(14,695) (2020 \$(30,329)) loss in Hineora Limited. Ngati Hine Forestry Trust has a tax expense of \$173,405 (2020 \$ 90,025) and Hineora has a tax expense of \$nil (2020 \$nil). The tax losses carrying forward in 2021 consists of \$666,805 (2020 \$488,618) losses for Ngati Hine Forestry Trust and \$112,111 (2020 \$97,416) losses for Hineora

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	2021	2020
4. Income Tax		
Opening Balance		
Opening Balance	(31,342)	(30,002)
Total Opening Balance	(31,342)	(30,002)
Increases		
Provision for Taxation	173,405	90,025
Refunds	-	30,004
Total Increases	173,405	120,029
Decreases		
Income Tax - Dividend Withholding Credits	51,803	31,345
Income Tax - Imputation Credits Received	290,096	175,533
Income Tax - RWT Paid	7	-
Total Decreases	341,906	206,878
Less Excess Imputation Credits Transferred to Loss	(116,691)	(85,509)
Income Tax (Receivable)	(83,152)	(31,342)

5. Financial Instruments

Significant Accounting Policies provides a description of each category of financial assets and financial liabilities and the related accounting policy. The carrying amounts in financial assets and financial liabilities in each category are as follows:

Financial Assets 2021	Amortised Cost \$	Cost \$	Fair Value \$	Total \$
Cash and cash equivalents	691,453	-	-	691,453
Shares in Companies	-	292,661	292,661	292,661
Emmissions Trading NZU's	-	-	7,437,424	7,437,424
Total Financial Assets	691,453	292,661	7,730,085	8,421,538
Financial Liabilities 2021				
Loans	(6,769,013)	-	-	(6,769,013)
Total Financial Liabilities	(6,077,560)	-	-	(1,652,525)

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Financial Assets 2020	Amortised Cost	Cost	Fair Value	Total
	\$	\$	\$	\$
Cash and cash equivalents	2,260,980	-	-	2,260,980
Shares in Companies	-	322,059	322,059	322,059
Emmissions Trading NZU's	-	-	5,460,387	5,460,387
Total Financial Assets	2,260,980	322,059	5,782,446	8,043,426
Financial Liabilities 2020				
Loans	(2,267,035)	-	-	(2,267,035)
Total Financial Liabilities	(6,055)	-	-	(5,776,391)

2021 2020

6. Term Investments

Shares in Companies - at Cost

Taitokerau Forests Ltd - 2764 shares	-	27,639
NHH Ltd -100 shares	100	100
Taitokerau Miere Ltd - 2,000 shares	-	2,000
Zespri - 490,620 shares	292,037	292,037
Kerikeri Irrigation - 1,840 shares (2020: 1,316)	524	284
Total Shares in Companies - at Cost	292,661	322,059

The Trustees intend to retain these shares as a long term investment and therefore consider the cost based accounting treatment to be reasonable.

Taitokerau Forests Ltd returned share capital to the Trust and was removed from the Companies Office 28 September 2021

Taitokerau Miere Ltd was removed from the Companies Office 20 November 2020, no share capital was returned and the investment has been written down.

Shares in Maori Land

Shares in Maori Land	314,731	314,731
Total Shares in Maori Land	314,731	314,731

The original cost of 85,644.312 Ngati Hine H2B shares was \$83,699, a revaluation was done in 2001 bringing the value of the shares to \$296,329 (85,644.312 shares at \$3.46/share).

As at 1 July 2007 the historical share revaluation reserve created in 2001 was absorbed within the accumulations balance of the Trust. The Trust elected to adopt the balance of \$296,329 as forming deemed cost.

The original cost of 85 Motatau 1C9B1 shares was \$18,401.

Total Term Investments	607,391	636,790
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	2021	2020
7. Term Loans - Secured		
Term Loans		
Westpac NZ Ltd - 91		
Term Portion	1,352,101	1,411,963
Current Portion	60,000	60,000
Total Westpac NZ Ltd - 91	1,412,101	1,471,963
Westpac NZ Ltd - 92		
Term Portion	675,070	735,072
Current Portion	60,000	60,000
Total Westpac NZ Ltd - 92	735,070	795,072
Ngati Hine Forestry Trust raised the above Westpac loans to purchase the Pukerau Orchard property and Zespri Licences. The loans were interest only to 14 December 2019 and 29 May 2020 respectively, then principal repayments commenced.	-	-
Maturity date is 14 December 2023 and 29 May 2024 respectively. The bank holds a registered first mortgage over the five orchard properties and had an assignment over orchard rental proceeds. The Trust has an overdraft arrangement with the bank.	-	-
As at balance date, the limit was \$50,000 (2020: \$50,000) and the security arrangement mirror those of the loans above.	-	-
Westpac NZ Ltd - 93		
Term Portion	3,369,205	-
Current Portion	-	-
Total Westpac NZ Ltd - 93	3,369,205	-
Ngati Hine Forestry Trust raised the above Westpac loan to purchase the Ahikiwi Orchard property and to complete conversion of the Te Tara Kowhai and Paparata Orchards. The 93 Loan is interest only to 6 July 2022, then principal repayments commence.	-	-
Maturity date is 6 July 2024. The bank holds a registered first mortgage over the five orchard properties and had an assignment over orchard rental proceeds.	-	-
Westpac NZ Ltd - 01		
Term Portion	-	-
Current Portion	1,252,637	-
Total Westpac NZ Ltd - 01	1,252,637	-
Ngati Hine Forestry Trust raised the above Westpac loan to complete conversion of the Te Tara Kowhai and Paparata Orchards. The 01 Loan is a floating facility with a maturity date of 17 December 2021	-	-
Total Term Loans	6,769,013	2,267,035
Total Term Liabilities	6,769,013	2,267,035
Current Portion of Term Liabilities		
Current Portion of Term Liabilities	1,372,637	120,000
Non- Current Liabilities		
Non- Current Liabilities	5,396,376	2,147,035
Total Term Liabilities	6,769,013	2,267,035

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	2021	2020
8. Provisions		
Protection of Flora & Fauna		
Opening Balance including Term and Current Portions	(192,876)	(202,610)
Nga Whenua Rahui Fencing Project	-	9,734
Total Provisions including Term and Current Portions	(192,876)	(192,876)

During 1998 the Trust received a payment of \$78,232 for fencing after the present tree crop is harvested in 10-12 years.

The condition requiring fencing of the kawenata area was amended 14 May 2018 and now requires that this provision is used to establish and maintain an effective pest control programme.

	2021	2020
9. Group Corpus		
Opening Balance	26,846,873	23,676,074
Net Income/(Loss)	3,495,444	3,211,853
Marae Grant Distribution	(145,700)	(41,055)
Total Group Corpus	30,196,616	26,846,872

As at 1 July 2005 the historical revaluation reserve created in 1998 was adopted as the deemed cost of land and buildings and absorbed within the accumulations balance of the Group. For future information purposes, the Group continues to disclose the compilation of the historic reserve.

(i) The total distributions paid was:

Otiria Marae \$5,000
 Mohinui Marae \$49,450
 Te Rito Marae \$50,000
 Tau Henare Marae \$41,250
 Ngawha Marae Komiti \$nil. (2020: \$41,055)

Otiria Marae and Tau Henare Marae are not registered charities and therefore have tax credits attached to their distributions; total distributions including tax credits were \$6,060 to Otiria Marae and \$50,000 to Tau Henare Marae.

**The Group balance of accumulations includes the following historical revaluations:
 Government Valuations 1 September 1998:**

	\$
a) Leased to Carter Holt (5062.0407ha) Capital Value	6,361,500
b) Land - Capital Value	1,105,000
(i) Pt Ngati Hine H2B (446.8865ha)	132,000
(ii) Motatau IC9B1 (108.193ha) - Capital Value \$220,000 Only 60% owned by the Group	
c) Land & Buildings Moerewa (Lot 40 DP6732) - Capital Value	58,000
d) Kauri Table	20,000
Less cost of: Forestry Block	(1,270,748)

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Land and Building Moerewa		(55,764)
Historic Revaluations included within Accumulations		6,349,988
Cost of Forestry Block Land & Improvements (at cost or original valuation)		
Owners Initial Contribution		480,000
Cost of Additional Land		122,879
Cost of Permanent Fencing		384,380
Cost of Survey and Title Costs		283,489
Total Cost of Forestry Block Land & Improvements		1,270,748
<p>Owners initial contribution was the value of the Ngati Hine Block at the inception of the Ngati Hine Forestry Trust.</p> <p>Accumulations Available for Distribution</p> <p>Group Capital comprising the Owners' initial contribution of \$480,000 and Accumulations comprising retained earnings and the historical land and share revaluations reserves created in 1998.</p> <p>However, the Ngati Hine Forestry Trust Trust Deed stipulates that Trust Corpus comprises "the land and interests in land specified in the Second Schedule and any other land or interest in land to which Section 243(1)(b) of the Act applies".</p> <p>In terms of the Trust Deed then, Corpus and Accumulations are:</p>		
Group Corpus		6,361,500
Land originally Leased to Taumata Plantations (Lease reducing as harvest proceeds)		
Pt Ngati Hine H2B (446.8865ha)		1,105,000
Motatau 1C9B1 (60% share)		132,000
Trust Deed Corpus		7,598,500
Accumulations		22,598,116
Total Equity	30,196,616	\$
LESS: Trust Corpus	7,598,500	
Balance of Accumulations available for distribution		
Total Group Corpus		30,196,616
		2021
		2020

10. AGM/SGM Expenses

Catering	6,650	5,500
Printing & Stationery	9,602	10,189
Advertising	1,465	1,990
Transport	365	365
Total AGM/SGM Expenses	18,082	18,044

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	2021	2020
11. Accounts Receivable and Prepayments		
Accounts Receivable	769	146,339
Prepaid Expenditure	37,030	27,419
Total Accounts Receivable and Prepayments	37,799	173,758

	2021	2020
12. Inventories		
Closing Stock	(491,054)	(297,506)
Stock Impairment Allowance	327,369	-
Total Inventories	(163,685)	(297,506)

In September 2021 the honey stocks were tested for American Foulbrood disease (AFB). Reports indicated that 50 drums contained traces of AFB. As a result we have included a stock impairment this year of \$327,369. (2020 nil).

Note; whilst the test took place subsequent to balance date the honey was impaired at balance date and therefore this is an adjusting item. (2020; Nil).

	2021	2020
13. Accounts Payable		
Accounts Payable	(153,456)	(4,694,568)
PAYE Payable	(7,397)	(18,873)
Total Accounts Payable	(160,853)	(4,713,441)

	2021	2020
14. Income Received in Advance		
Forestry Rental		
Income in Advance	(73,523)	(76,491)
Other	-	(8,302)
Total Forestry Rental	(73,523)	(84,793)
Harvest Grant		
Other	-	8,302
Total Harvest Grant	-	8,302
Total Income Received in Advance	73,523	76,491

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	2021	2020
15. Investment in Related Entities		
KFI Joint Venture		
Opening Balance	(4,158)	(1,858)
Share of Earnings/ (Loss)	(3,041)	(2,300)
Total	(7,199)	(4,158)

Ngati Hine Forestry Trust is a 50 percent partner in a joint venture operation which has the Harvesting and Marketing contract for the Matawaia Forest.

	2021	2020
16. Orchard Properties - Kerikeri		
Te Tara Kowhai - Land	317,383	317,383
Te Tara Kowhai - Vines & Structures	933,635	798,807
Te Tara Kowhai - Zespri Licence	2,692,000	2,692,000
Paparata - Land	289,733	289,733
Paparata - Vines & Structures	1,210,715	606,911
Paparata - Zespri Licence	2,596,000	2,596,000
Te Ara Kopeka - Land	246,621	246,621
Te Ara Kopeka - Vines & Structures	502,636	502,636
Te Ara Kopeka - G3 Licence	1,147,200	1,147,200
Ahuareka - Land	904,411	904,411
Ahuareka - Vines & Structures	1,016,320	1,016,320
Ahuareka - Gold Licence	105,661	105,661
Pukerau - Land	804,338	804,338
Pukerau - Vines & Structures	989,939	989,939
Pukerau - Buildings	122,661	122,661
Pukerau - GA Licence	1,099,328	1,099,328
Ahikiwi - Land, Vines & Structures	3,394,054	-
Ahikiwi - Vines	7,235	-
Ahikiwi - G3 Licence	1,155,587	-
Total Orchard Properties - Kerikeri	19,535,457	14,239,949

Ngati Hine Forestry Trust owns six orchard properties in Kerikeri, the most recent purchase was Ahikiwi on 19 November 2020. The cost price as at balance date is above. These six properties are all leased to Seeka for a term of 15 years. All orchard properties also own water rights which are allocated on a per hectare basis. These water rights are allocated to these four parcels of land and if the orchards are sold the water rights stay with the land.

The conversion of the Paparata and TeTara Kowhai orchards has been completed. (2020: In July 2019 Te Ara Kopeka was converted to Zespri SunGold. During the winter of 2020 both Paparata and Te Tara Kowhai were converted to Zespri SunGold. Zespri SunGold licences were acquired for these two orchards via a tender process which commenced in March 2020, in which the Trust was successful. Deposits for these licences were paid in June 2020, with the balance of the commitment paid in July 2020).

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17. Trustees Payments

Trustees Payments 2021	Fees \$	Travel \$	Total \$
E Beattie	13,600	2,523	16,123
P Tipene	18,000	4,362	22,362
L Bristowe	20,400	3,656	24,056
P Cherrington	10,800	1,505	12,305
W Shortland	6,000	903	6,903
E Morton	28,000	14,032	42,032
J Baker	13,200	4,567	17,767
Total Trustees Payments	110,000	31,548	141,548

Trustees Payments 2020	Fees \$	Travel \$	Total \$
P Paraone	1,200	939	2,139
E Beattie	2,400	454	2,854
P Tipene	14,000	1,934	15,934
L Bristowe	16,400	2,611	19,011
P Cherrington	7,200	942	8,142
W Shortland	4,000	705	4,705
E Morton	18,400	9,810	28,210
J Baker	8,800	2,935	11,735
Total Trustees Payments	72,400	20,330	92,730

(2020: E Beattie replaced P Paraone as Trustee)

18. Subsidiary Companies

Ngati Hine Housing Limited, (NHH Limited), is a wholly owned subsidiary company of the Ngati Hine Forestry Trust. This company is currently dormant and therefore has been excluded from the Consolidated Financial Statements.

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19. Cost of Planted Forest and Forestry Right Agreement

The Stand Unit costing method has been used with forests being recorded at the cost of planting, silviculture and development costs. The Cost of Forest comprises the expenditure on these costs.

The Cost of Forest represents the cost incurred by Ngati Hine Forestry Trust to plant the pine trees during the 2011, 2012, 2017 and 2018 financial years. On 11 April 2018 the Trust entered into a Forestry Right with the Crown to establish second and third pine rotation crops. The pine trees planted by the Trust in 2011, 2012, 2017 and 2018 were included within the Forestry Right. The Forestry Right is in two parts (both identical, but covering the forest estate in two parts) and will, once fully implemented, have established a second rotation pine crop comprising 3,576 hectares (2020: 2,893). From this Forestry Right the Trust receives an annual rental (paid quarterly) from the Crown and on harvest, commencing in around 2035, the Trust will receive a significant percentage share of the net stumpage (harvest) proceeds. All costs during the term of the Forestry Right are met by the Crown. As the second rotation is harvested the Crown will replant a third rotation pine crop at its cost which will then be handed over to the Trust. The Forestry Right will therefore conclude at the end of the second rotation leaving the Trust owning 100% of the third rotation.

20. Emissions Trading - NZU's

Ngati Hine Forestry Trust has an ongoing obligation and commitment to comply with the Emissions Trading Scheme. The Trust is a landowner of pre 1990 forest land and as such is a mandatory participant in the Emissions Trading Scheme (ETS). This effectively means that the Trust must either maintain the use of the land via replanting or some form of natural regeneration or it will incur a carbon emissions liability.

In 2012 the Trust received 1,472 NZU's and in 2013 received 2,368 NZU's (total 3,840 NZU's) in relation to pre 1990 forest land on Motatau IC9B1. As the Trust owns 60% of Motatau IC9B1, 60% of the NZU's belong to the Trust. The Trustees have recognised the 60% share of those NZU's on hand as at 30 June 2018 in conjunction with the primary block noted below.

In 2011 the Trust received 104,972 NZU's which were subsequently sold. The sale proceeds were included in the 2011 accounts. In 2014 168,868 NZU's were received and are being held by the Trust. For financial reporting purposes, the NZU's retained are recorded based on the tradable commodity value at balance date; being \$43.45 as at 30 June 2021 (2020: \$31.90).

NZU's transferred under the allocation are considered capital in nature and therefore, they are not subject to income tax when they are received or sold by the Trust. Also, no tax is payable on any increase in market value of the NZU's during the time they are held.

	2021	2020
21. Marae Grants Paid		
Marae Grants paid consist of the following:	-	-
Otiria Marae	5,000	-
Mohinui Marae Trust	49,450	-
Te Rito Marae Trust	50,000	-
Tau Henare Marae	41,250	-
Ngawha Marae	-	41,055
Total Marae Grants Paid	145,700	41,055
	2021	2020

Ngati Hine Forestry Trust has committed to the following:

Te Rito Marae Trust	-	50,000
Otiria Marae	33,939	40,000



22. Related Parties

The Trustees of NHFT are trustees of Ngati Hine Forestry Charitable Trust and shareholders of Ngati Hine Housing Limited (NHH Ltd). The Trust administration manager is the sole director of NHH Limited. The Ngati Hine Forestry Trust made no distribution to the Ngati Hine Forestry Charitable Trust (2020: Nil). No administration fees were received from Ngati Hine Housing Limited (2020: Nil).

Effective 11 October 2014 Pita Tipene was elected director of Taitokerau Forests Limited. The Trust transacts with this company on an annual basis and holds shares.

Taitokerau Forests Ltd has ceased trading was removed from the Companies Office 28 September 2021.

Ernest Morton and Lyndon Bristowe are Directors of Hineora Limited and all Ngati Hine Forestry Trust Trustees are shareholders, at balance date.

23. Capital Commitments

At Balance date the Trust has no commitments other than disclosed in Note 21.

24. Covid-19

Although there has been delay in some contract delivery and the finalisation of the 2021 audited Annual Financial Statements, the Trust has predominantly been able to operate as usual irrespective of Covid-19. The Trust is essentially an asset holding company and it is not actively involved in the harvesting of either pine logs or kiwifruit. Covid-19 had not impacted upon the going concern assumption upon which these financial statements have been based.

25. Events Occurring After Balance Date

Subsequent to year end;

A Marae grant of \$50,000 was approved by the Board to Miria Marae.

The Agriline borrowing facility was renewed in November 2021 for a further 13 months.

A fire in the forest situated by Pipiwai Road on 28 January 2021 destroyed 92.90 hectares of standing timber. An interim payment of \$115,556 was received 8 February 2022. Forestry Assets are recorded at cost and no impairment adjustment is required.

26. Deferred Revenue

The Funding agreement with the Ministry of Social Development to provide Covid-19 support was transferred to Te Runuanga O Ngati Hine in May 2021. All other funding agreements for 2021 have been completed.

(2020: Ngati Hine Forestry Trust has entered into a funding agreement with MPI to provide a training and work experience programme for 40 recruits and to establish a 495ha Manuka Plantation on Trust land. MPI may recover funding which has been misspent or uncommitted if it has not been spent or contractually committed, if activities are abandoned or if excess funding is received. The Trust entered into a funding agreement with the Ministry of Social Development to provide Covid-19 support to families in the community. The funding for this was invoiced in Jun 2020. The condition of the grant had not been met as at balance date and therefore the revenue is disclosed as a current liability at year end.)

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27. Orchard Transactions

Orchard transactions of both a capital and revenue nature have take place however are yet to be quantified and recognised in these financial statements. These relate to revenue expenditure and capital expenditure including licenses, incurred by Seeka. These expenditures are to be deducted from future profit share payments to Ngati Hine Forestry Trust. This information is currently being collated and will be recognised in the 2022 financial statements.

Revenue Expenditure \$1,129,163

Capital Expenditure \$378,000

28. Going Concern

As at balance date the Trust is in a negative working capital position. This is due to the expected repayment of the Westpac Agriline 01 facility of \$1,250,000 on or before 17 December 2021; refer to Note 25- Events Occurring After Balance Date, which states this was refinanced.

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Depreciation Schedule

Ngati Hine Forestry Trust Group For the year ended 30 June 2021

ASSET TYPE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Forests (Amortised)	20,668	16,834	-	-	842	4,676	15,992
Furniture & Fittings	41,616	22,873	-	-	364	19,106	22,510
Honey	212,126	116,580	-	-	21,156	116,702	95,424
Housing Kalkohe	2,216,573	2,186,245	-	2,186,245	-	-	-
Land & Buildings	7,665,891	7,641,605	-	-	827	25,113	7,640,778
Motor Vehicles	48,252	47,448	-	-	9,490	10,294	37,958
Orchard Development Expenditure (Amortised)	3,157,300	780,862	969,463	86,859	75,772	1,133,423	1,587,693
Orchard Stock (Amortised)	242,078	33,971	205,353	-	4,338	7,093	234,985
Orchards Land & Buildings	16,572,263	12,015,387	4,556,876	-	-	-	16,572,263
Plant & Equipment	82,388	34,551	4,676	-	7,941	51,101	31,287
Total	30,259,155	22,896,355	5,736,368	2,273,104	120,729	1,367,508	26,238,890

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These financial statements are to be read in conjunction with accompanying Notes. These statements have been audited.

Depreciation Schedule

Ngati Hine Forestry Trust Group For the year ended 30 June 2020

ASSET TYPE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE
Forests (Amortised)	20,668	17,720	-	-	886	16,834
Furniture & Fittings	41,616	23,294	-	-	421	22,873
Honey	212,126	137,787	-	-	21,207	116,580
Housing Kaikohe	2,216,573	2,186,245	-	-	-	2,186,245
Land & Buildings	7,665,891	7,641,605	-	-	-	7,641,605
Motor Vehicles	48,252	-	48,252	-	804	47,448
Orchard Development Expenditure (Amortised)	2,539,510	752,580	184,018	83,563	72,174	780,862
Orchard Stock (Amortised)	36,725	-	36,725	-	2,754	33,971
Orchards Land & Buildings	12,015,387	6,727,387	5,288,000	-	-	12,015,387
Plant & Equipment	79,616	35,225	8,127	94	8,707	34,551
Total	24,876,364	17,521,843	5,565,122	83,657	106,953	22,896,355

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These financial statements are to be read in conjunction with accompanying Notes. These statements have been audited.



INDEPENDENT AUDITOR'S REPORT TO THE BENEFICIAL OWNERS OF NGATI HINE FORESTRY TRUST

Opinion

We have audited the financial statements of Ngati Hine Forestry Trust and Group ("the Group"), which comprise the statement of financial position at 30 June 2021, and the statements of financial performance and statement of changes in trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group for the year ended 30 June 2021 are prepared, in all material respects, in accordance with Chartered Accountants Australia and New Zealand's Special Purpose Financial Reporting Framework for use by For-Profit Entities ("the CA ANZ Framework").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Trust's beneficial owners, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Trust and the Trust's beneficial owners, as a body, and should not be distributed to or used by parties other than the Trust or the Trust's beneficial owners. Our opinion is not modified in respect of this matter.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation of the financial statements in accordance with the CA ANZ Framework and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it

PARTNERS: Adelle Wilson Greg Atkins Angela Edwards Scott Kennedy Robyn Terlesk

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exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustees.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Group's beneficial owners, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's beneficial owners, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Northland
Whangarei
New Zealand
10 May 2022



Ngati Hine Forestry Trust

Trustees' Recommendations to be Considered by the Beneficial Owners at the 2021 Annual General Meeting:-

- 1. That the beneficial owners receive the 2021 Annual Report**
- 2. That the beneficial owners receive the 2020/2021 Financial Statements**
- 3. That the beneficial owners ratify the appointment of BDO Northland as the auditors for 2021/2022 financial year**

Ngati Hine Forestry Trust



Te Pae Tawhiti — Our Vision

“He Whenua Hua—He Tangata Ora”

(Productive Lands, People Wellbeing)

Te Kaupapa — Our Mission

“He Ringa Ahuwhenua, He Hanga Mahi”

Our Overall Purpose - To Actively Influence

Whainganga 1: Exotic Forest	Whainganga 2: Horticulture	Whainganga 3: Native Forest	Whainganga 4: Supplementary
<ul style="list-style-type: none"> A) Strengthen the Evolving Mosaic Approach B) Quality Management through the JV C) Grow Parallel Cash Flow Enterprises D) Foster Value Added Processing 	<ul style="list-style-type: none"> A) Extend our Kiwifruit Business B) Examine Diversification C) Explore options for H2B Block D) Investigate Marketing Options 	<ul style="list-style-type: none"> A) Grow Viable Manuka Hive Numbers B) Build the Relevant Infrastructure C) Expand our Products D) Market Product through 	<ul style="list-style-type: none"> A) Develop Organic Production B) Advance Nutraceuticals Business C) Explore Geothermal Potential D) Develop Forest Services and Activities
Whainganga 5: Sound Governance			
<ul style="list-style-type: none"> A) Well Defined Strategies 	<ul style="list-style-type: none"> B) Clear Policies and Procedures 	<ul style="list-style-type: none"> C) Stronger Connections with Owners and Stakeholders 	<ul style="list-style-type: none"> D) Robust Governance

Nga Tikanga - Our Core Values

1. Mana Motuhake
Self Reliance

2. Kaitiakitanga
Safeguard our Lands

3. Te Tu o Ngati Hine
Ngati Hine Conventions

4. Whakanekeneke
Transformative

5. Manawaroa
We plan long term



Ngati Hine Forestry Trust - Current and Past Trustees

Period	Trustee	Status
1974 - 1985	Tupinia Te Para Burrows Puriri	
1974 - 1991	John Graham Alexander	
1974 - 1983	Victor H. Hensley	Past Chairman
1974 - 1994	Michael Kaye Deverell	
1974 - 1996	Tamati Huirua Paraone	Past Chairman
1997 - 2008	Tamati Huirua Paraone	Past Honorary Trustee
1974 - 1980	Lou Shortland	Past Chairman
1974 - 1980	Rahui Bristowe	
1980 - 1986	Maori Trustee	Sole Trustee; assisted by Advisory Trustees
1980 - 1988	Rewi Pereri (Dave) Wiki	Past Chairman
1980 - 1985	Rongo Morton	
1980 - 1985	Rosie Tipene	
1980 - 1985	Richard (Dick) Kake	
1980 - 1985	Walter Whiu	
1980 - 1985	Steven Brown	
1983 - 2003	Samuel Kevin Prime	
1985 - 1989	Lou Tana	
1985 - 1989	Marie Jean Tautari	
1985 - 1993	William Coffey (Junior)	
1985 - 1996	John Taite Davis	
1989 - 1992	Muriwai Pomare	
1989 - 1996	Rongo Morton	Past Chairman
1991 - 1994	Hanita Tiari Paraone	
1992 - 2007	Mitai Paraone-Kawiti	
1993 - 1996	Ranga Tui Hepi Maihi	
1993 - 1998	Hori Parata	
1994 - 2010	Marie Jean Tautari	Past Chairperson
1994 - 2001	Maryanne Cheryl Baker	
1996 - 1999	Moana Ihaia Kake	
1996 - 2010	Raewyn Tipene	
1996 - 2012	Caroline Beattie Wihongi	
1996 - 2019	Rewiti Pomare Kingi (Pita) Paraone	
1998 - 2002	Hirini Hori Henare	
1999 - 2006	Jimmy Nukutawhiti Palmer	
2001 - 2004	Edward Graham Beattie	
2002 - 2008	Averill Poa	
2003 - 2006	Mere Maryann Mangu	
2004 - 2022	Pita William Tipene	Current Trustee and Chairman
2006 - 2009	Jason Cooper	
2006 - 2021	Edward Graham Beattie	Current Trustee
2007 - 2010	Lu Hau	
2008 - 2015	Alexander Joseph Critchfield	
2010 - 2013	Tui Shortland	
2010 - 2016	Peeni Henare	
2012 - 2021	Len Bristowe	Current Trustee
2013 - 2021	Pita Cherrington	Current Trustee and Deputy Chairman
2016 - 2021	Waihoroi Hoterene	Current Trustee
2016 - 2021	Ernest Morton	Current Trustee
2018 - 2021	Jim Baker	Current Trustee



A Brief History of the Ngāti Hine Forestry Trust

The following is a brief recital of the more salient events which have occurred and impacted on the Trust and its operations from 1968 till the present day.

- 1972 Amalgamation meetings (72 blocks).
- 1974 Creation of Trust by Maori Land Court with seven Trustees.
- 1975 Lands amalgamated.
- 1975 to 1980 Investigation of Forestry. A lease with CHH is proposed. Prolonged disputes amongst owners & Trustees. Lease does not proceed.
- 1980 Maori Trustee appointed as Trustee with 5 advisory Trustees.
- 1981 Lease to CHH of approx. 85% of land. (1 rotation, 7% annual rental & 9% of stumpage from a sawlog regime). Initial annual rental of \$80,580. Owners retained 555 ha at Matawaia to develop into forestry. Funded by TEP, PEP, FEG, loan moneys, tax incentives & rental from CHH lease. Trust borrowed \$550,000 at low interest rates from MLB to fund part of the Matawaia Forest Development, fencing, survey, purchase of Crown shares & the purchase of extra land.
- 1984 Labour Govt. elected. Stopped FEG, PEP & tax incentives. Interest rates & costs started to rise.
- 1985 Costs of forest development rising
- 1986 Eight owners selected Trustees replace the Maori Trustee.
- 1986 TFL created to fund & develop forestry on Maori land. Financed initially at \$1.0 million per annum for 10 years. Ngatihine becomes a shareholder in TFL. TFL took over the development of Matawaia and paid an annual rental. Interest rates continued to rise.
- 1988 CHH annual rental increased to \$97,376.
- 1987 to 1990 Dispute with CHH over interpretation of management objectives in the lease. Settled with creation of Trustees forest area (474.5 ha of which the Trust receives 100 % of proceeds at harvest).
- 1990 National Government elected.
- 1991 Govt. stopped funding TFL and charged high interest rates. Govt. called up the Ngati-Hine Trust mortgage on the land. Trustees subsequently refinanced with Westpac.
- 1991 to 95 TFL sought alternative funding sources.
- 1993 CHH annual rental increased to \$189,000.
- 1994 TFL proposed a Company float and a Forest Right Variation. This failed to eventuate and the variation lapsed. Trustees make an application to the Nga



- 1995 Whenua Rahui Fund. MLC increases the number of Trustees to nine. Name of Trust changed from Ngatihine Trust to “Ngati-Hine Forestry Trust”. MLC closes three roads and vests these in the Trust. Nga Whenua Rahui application successful. Negotiations with CHH over closed roads etc. TFL paid for further silviculture at Matawaia.
- 1996 Nga Whenua Rahui Application injunctioned. TFL successfully re-negotiates with Crown & produce a new package for owners. This is accepted by the Trustees. TFL completes silviculture at Matawaia.
- 1997 Tamati Paraone appointed as an honorary Trustee.
Debt with Westpac repaid and Trust is essentially debt free.
Trust resolves outstanding closed roads and other land issues with CHH for \$60,400. TFL pays \$134,600 to the Trust for the TFL forest right variation but held in trust pending completion of legal matters. Injunction against completing the Nga Whenua Rahui grant is lifted, but NWR payment still delayed.
- 1998 CHH annual rent increases to \$343,000. NWR pays out \$250,000 plus \$78,000 (held in trust) for fencing. Charitable trust and native timber policy proposed. History project initiated and current ownership schedules, addresses etc. completed.
- 1999 Trust has substantial tax paid cash surplus and investigates alternate investment options.
- 1999 The Trust founds and funds the Ngati-Hine Charitable Trust to address social and cultural obligations. Trust finally receives proceeds from the TFL restructuring grant. Cash reserves rise to \$753,849. Early forest development costs from Motatau 1C9B1 are recovered. Native timber policy (i.e., no more commercial extractions) adopted.
- 2000 Cash reserves rise to \$860,200. Sale of 5,563 Trust owned shares in Ngatihine H2B to Murray Ward. Trustees actively involved with various CHH Hui. Charitable Trust makes first tertiary education, Marae & special needs grants (total \$72,500).
- 2001 Trust Cash reserves rise to \$1,010,000. Trustees focus on investment and strategic planning matters. History project implemented. Charitable Trust makes education, elderly, Marae & special grants of \$113,354.
- 2002 Cash reserves rise to \$1,114,000. Trustees investigate alternative investments including additional land purchase & a housing project. Trust runs two forest training courses in Moerewa with WINZ & Northland Polytech. Charitable Trust makes grants totalling \$93,000.
- 2003 Cash reserves increase to \$1.3 million. Trust moves to diversify its assets. A substantial housing application to HNZC is made. Trustees also propose to purchase non-forest investment properties. Trust runs a further two forestry training courses in Moerewa. Changes to the Trust order made to separate the corpus lands from investments.



- 2004 Iwi Housing Manager appointed to deliver HNZC Rural Housing Programme from Trust's Moerewa Office. Trust established an administrative office in Whangarei & appoints an administrative manager. Three kiwifruit orchards in Kerikeri purchased. Ongoing negotiations with HNZC with regard establishment of a social housing portfolio.
- 2005 Review of Forest Rent increases rent to \$400,400 pa. Purchased Zespri shares. HNZC loan agreement entered into to establish social housing portfolio.
- 2006 Purchased a fourth kiwifruit orchard (Ahuareka) in Kerikeri. Trust now owns a total freehold area of 35.75 ha with a canopy area in kiwifruit of 23.91 ha plus one house. Purchased and renovated eleven homes in Kawakawa & Moerewa for social housing utilising HNZC funding. Social Housing Coordinator appointed to deliver social housing services funded jointly by HNZC and MSD. Capital improvements made to Kiwifruit orchards. TPL4 purchases the CHH lessees interest in Ngatihine H2B and HFM becomes the forest managers.
- 2007 Purchased further Zespri shares bring total share holding in Zespri to 58,332 shares. Negotiation with HNZC for further funding to extend social housing portfolio. Purchased 3.2 hectares of gold kiwifruit licence to convert green to gold on Ahuareka Orchard. Negotiations with TPL4 and other parties with respect of a second forest rotation.
- 2008 Ongoing capital improvements to Kiwifruit orchards. Conversion of 3.2 hectares of green to gold kiwifruit on Ahuareka Orchard. Action underway to extend social housing portfolio utilising a second HNZC loan facility. MLC and High Court proceedings instigated against Hirini Manihera, Patrick Brown and Waiomio Downs Logging Limited to stop their illegal logging on Trust lands. Ongoing negotiations with various forest parties for a second rotation.
- 2009 Harvesting commenced with the first tree felled at a special ceremony on the 10th March 2009 on Te Ara Road, Ngapipito Road, an area planted in 1983. On going investigations with respect of a second rotation and lobbying of Government with respect of the impact on the Trust of the Emissions Trading Scheme. Negotiations to extend housing portfolio with new homes in Kaikohe advanced. Further capital work on kiwifruit orchards undertaken. Information Sharing Hui with owners held in May 2009.
- 2010 Harvesting continuing at an increased pace with 180.5 hectares of harvested forest land having been surrendered by the lessee to the Trust to date. Planning and deliberations with respect of a second rotation continued. The Emissions Trading Scheme was finalised by the Government in late 2009. The restructuring of the TFL debt to the Crown was completed in late 2009. The building of ten new homes in Kaikohe commenced in the later part of the year. These will be leased to HNZC for 15 years. A Zespri Gold 9 licence was acquired for 0.5 hectare being an initial start to converting the green kiwifruit on Rangitane orchard. A review of the Strategic Plan was commenced which included a two day Trustees hui at Motatau Marae with invited owner presentation. An Information Hui for owners was held in May 2010.



2011 The Trustees completed their review of the Trust's Strategic Plan 2010 – 2025 and a revised plan was approved on the 9th October 2010.

The Trust completed the building of the ten homes (eight two bedroom and two four bedroom) in Kaikohe in December 2010 and all of these have been leased to HNZN for fifteen years. The HNZN Rural Housing Programme which the Trust had been involved with for some eight years was terminated by the Government on the 31st December 2010.

The Trust's four kiwifruit orchards continued to perform well. Psa (*Pseudomonas syringae* pv *actinidiae*) was discovered in November 2010 in the Bay of Plenty. To date Psa has not been identified above Auckland.

In December 2010 the Trust received its initial allocation of 104,972 New Zealand Units (NZUs) for the 4,564 hectares of the Trust's pre 1990 exotic forest. The Trust sold all of these NZUs for \$2,062,349.00. A further allocation of 168,868 NZUs is to be made to the Trust in 2013.

The kiwifruit orchards Westpac mortgage was further reduced by \$1 million.

The lessee TPL 4 via their New Zealand agent HFM has continued to harvest the forest on both sides of the forest on Ngapipito Road with some 472 hectares of plantation forest land formally surrendered back to the Trust as at the 1st April 2011, and as at the 30th June 2011 the lessee had returned 581.7 hectares on land which includes reserves and non plantation areas.

As a consequence of the Emissions Trading Scheme and the inability to find at this time a second rotation joint venture partner or a new lessee the Trust was faced with the requirement to fund itself the re establishment of a commercial forest.

During the early part of the 2011 winter some 353.3 hectares was re planted in *pinus radiata* and a further 109.5 hectares (harvested in 2009) was released sprayed. The cost of this was \$445,808.00 and was funded from the proceeds from the sale of the NZUs. A "first tree" planting ceremony was held on the 4th May 2011.

The Trust continued its involvement with a Joint Venture partner (Harvest Pro) operating one harvesting crew (Kaiwae Harvesting Ltd) within the Trust's forest.

The Trustees commenced a process to review the Trust Order. As a consequence of a Maori Land Court hearing with respect of a challenge to the outcomes of the 2010 Annual General Meeting election process by Marie Tautari the Court on 19th May 2011 instructed the Trust to apply to the Court for a review of the Trust under Section 231 of the Te Ture Whenua Maori Act 1993.

2012 The Trustees undertook a review of the Trust Order with a new proposed Trust Order being presented to the beneficial owners at both the 2011 Special General Meeting and at the 2011 AGM. The review of the Trust and the approval of a new Trust Order are still processes which are still progressing through the Maori Land Court.



The Trustees reviewed the Trust's Strategic Plan and reaffirmed their objective to move from the "passive" investment of the Trust's assets and in to an "active" management regime.

The Trustees appointed a new Chief Executive Officer Jonathan Rishworth to lead the implementation of the Trust's strategic objectives. The new CEO replaces the Trust Manager role which had been filled for many years by Michael Corrigan.

Second rotation planting was carried out during the 2012 winter with a further 287.1 hectares established in radiata pine.

2013 The Maori Land Court approved a new Trust Order for the Trust on the 22nd March 2013.

The Maori Land Court undertook a review of the Trust in terms of Section 231 of Te Ture Whenua Maori Act 1993 and a hearing with respect of this matter was held on the 22nd March 2013. Decision still pending at time of writing.

The lessee TPL 4 harvested 140,435 tonnes from the forest and to date the lessee has surrendered 1,107.6 hectares back to the Trust.

A joint venture partnership was formed with Kiwi Forestry International Ltd with respect of the harvesting and marketing of the TFL Matawaia Forest and to undertake a second rotation pinus radiata of this forest.

Considerable work and due diligence was commenced with the aim for the Trust to become involved directly within the manuka honey industry.

2014 Change in strategic direction from a passive management regime to a more active hands on approach and to move away from the current mono-culture pine forestry model to an alternative land use model (the Paparata Kaupapa) that is based on native plants and trees.

In November 2013 the Trust entered into a JV partnership with Kiwi Forestry International Ltd (KFIL) with respect harvesting of the first rotation and planting of a second rotation of the Matawaia forest area.

Harvesting of the Matawaia Forest commenced on the 18th December 2013.

Negotiations with TPL 4 and HNZC with respect of gaining 100% control and ownership of the pine forest crop on the Ruatangata Forest were undertaken.

A trial manuka honey JV was successfully undertaken which resulted in two manuka honey joint ventures being established.

Te Tara Kowhai kiwifruit orchard was converted to a Turners and Growers A19 cultivar.

The MLC Section 231 review of the Trust was concluded.



- 2015 The Paparata Kaupapa was advanced with research and analysis of the forest land being undertaken.
- Harvesting of Matawaia continued and the planting of a second rotation pine crop within this forest was commenced.
- Negotiations with TPL 4 to remove the Ruatangata Forest from the lease to TPL 4 was successfully concluded.
- Negotiations with Housing New Zealand to restructure the housing portfolio loans with a more acceptable repayment regime were successfully concluded.
- A Harvesting and Marketing Agreement was entered into with Northland Forest Managers (1995) Limited to manage the harvesting of the Ruatangata Forest.
- Kaiwae Harvesting Ltd the KFIL JV partnership harvesting company was terminated on 31 October 2014.
- Ahuareka Orchard was converted from Hort16 A to Gold 3.
- 2016 Stumpage Sale of the Ruatangata Forest crop to Aubade NZ was transacted.
- All of the Trust's debts to Housing NZ were repaid.
- A pilot trial of planting manuka was undertaken.
- The Trust's manuka honey business was reviewed.
- Harvesting and replanting of the Matawaia Forest continued.
- Work undertaken on future land use options for Trust's forest estate.
- Discussions held with TPL 4 regarding roading compensation liability.
- 2017 Negotiations with TPL 4 regarding roading compensation concluded and variation of lease signed
- Expansion of Manuka honey business
- 105 hectares of 2R pine planted
- 10 hectares of Manuka planted
- Nutraceutical business JV established
- Kiwifruit Debt to Westpac fully repaid
- Detailed land utilisation mapping of the forest estate completed
- Special General Meeting held for beneficial owners in August 2017
- 2018 Forest Right signed with Crown for a second and third pine rotations
- Contract entered into with Crown to plant up to 495 ha of manuka and to provide forestry industry training over a two-year period
- Tree planting ceremony "Te Herenga Rua i Pukeatua" on 31 May 2018
- Appointment of new Tumu Whakarae - CEO Huhana Lyndon
- 189.8 hectares of pine planted within Forest Right with Crown



- 2019 Purchase of a fifth Kiwifruit orchard (Pukerau) in Kerikeri
 Cultivar conversion of Te Ara Kopeka kiwifruit orchard from Hayward Green to SunGold G3
 Eleven houses in Moerewa and Kawakawa were sold
 209 hectares of manuka planted
 20 forestry trainees achieved a NZQA Level 2 Forestry Qualification with 18 going into full time employment and the two-remaining engaged in further training.
 Variation to Ngā Whenua Rahui Kawenata enabling “fencing” monies to be utilised for the protection of ‘flora and fauna’.
 753.9 hectares of pines planted within Forest Right with the Crown
- 2020 Cultivar conversions of both Te Tara Kowhai and Paparata to SunGold G3
 Ten houses in Kaikohe were sold
 210 hectares of manuka planted
 16 forestry trainees achieved a NZQA Level 2 Forestry Qualification, the remainder already having qualifications with all 19 going into full time employment
 Grants were made to Ngati Hine Marae
 650 hectares of pines planted within Forest Right with the Crown
 Purchase of the sixth orchard (Ahikiwi) in Kerikeri
- 2021 Huhana Lynden (CEO) departed the Trust to take up a new role as CEO at Ngati Wai.
 Guy Holroyd was appointed as the new CEO
 He Ringa Ahuwhenua, He Hanga Mahi – Indigenous Forestry Strategy Development Project started as the trust is shifting from dominant pine trees to a mosaic quilt or te kuirā approach, seeing more indigenous trees being planted.
 The Trust’s hives were heavily affected with AFB which resulted in all hives owned by the trust having to be destroyed.
 A hive placement agreement was subsequently entered into with Oha Honey for the 2021 season. This saw the production of c.13tonnes of honey and a return to modest profit for the Trust’s Manuka operations.
 Grant of \$50,000.00 was made to Miria Marae.
 180 hectares of pine assets in the Herewini block with a 7-kilometer perimeter were burnt in a wildfire. Pine has now been replanted in the Herewini block
- HFML completed their harvesting and their final hand-back to NHFT on 30

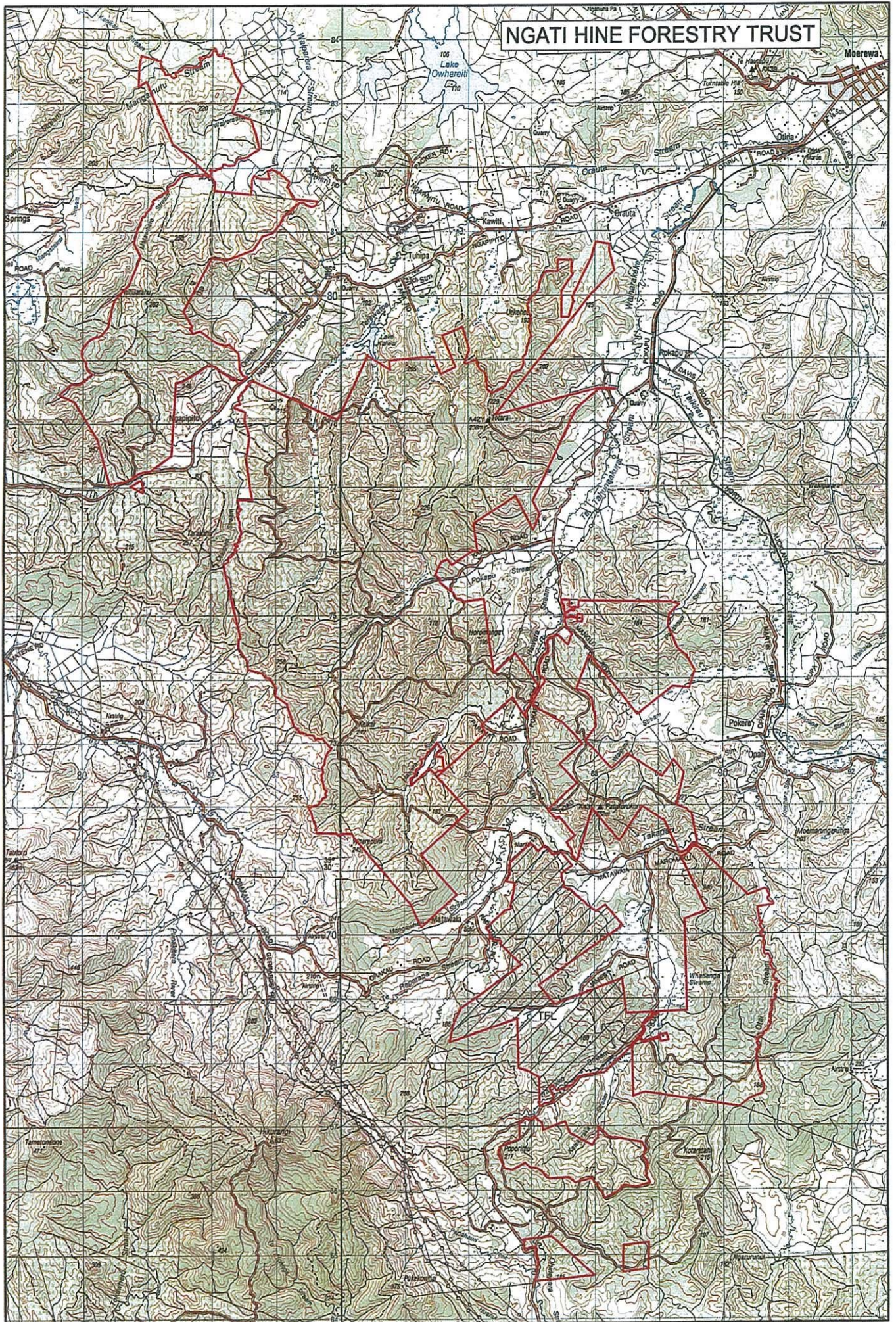


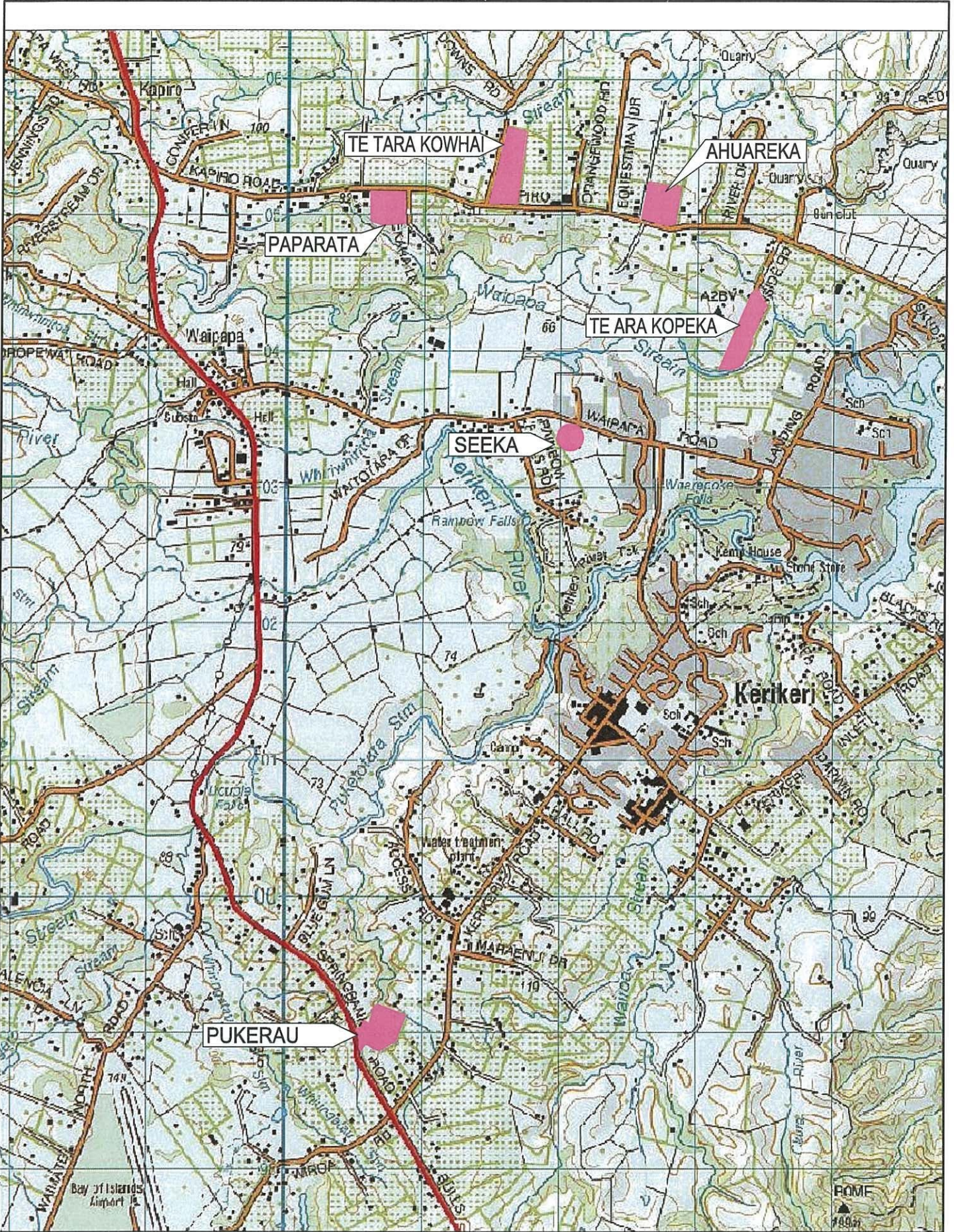
September 2021. The lease between TPL and NHFT ended

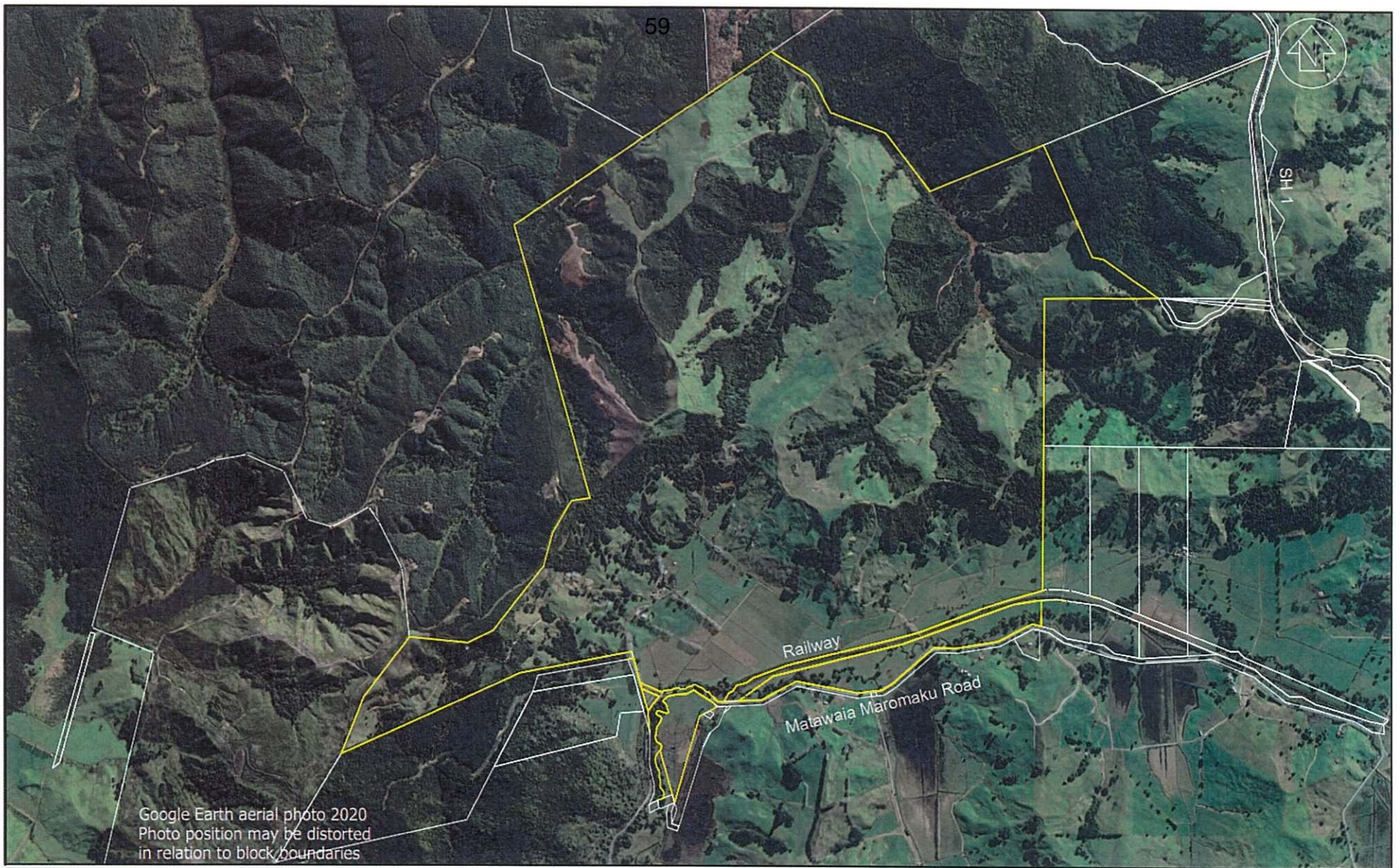
Te Tara Kowhai, Te Ar Kopeka and Paparata remain in their development period (converted to Sungold G3) with only partial crops being harvested in the 2021-2022 year.

Glossary of Abbreviations:

CHH	Carter Holt Harvey
TFL	Taitokerau Forests Ltd
MLC	Maori Land Court
NWR	Nga Whenua Rahui
TEP	Temporary Employment Scheme
PEP	Project Employment Scheme
FEG	Forest Encouragement Grant
HNZC	Housing New Zealand Corporation
TPL 4	Taumata Plantations Ltd
HFML	Hancock Forest Management NZ Ltd (Hancock's)
MSD	Ministry of Social Development
KFIL	Kiwi Forestry International Ltd
NFM	Northland Forest Managers (1995) Limited
2R	Second pine rotation planting







NGĀTI HINE FORESTRY TRUST
TE PAE TATA
42 Taikirau Road 478.8336 hectares



Ngāti Hine Forestry Trust

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