

# Te Tātarakihi

## October 2019



“Participants in Nga Mahuri o Ngati Hine 2019”



# Ngati Hine Forestry Trust – Panui 20

*October 2019*

## Notice of the 2019 Annual General Meeting

Tena re koutou e te iwi

E mihi atu ana ki a koutou katoa, i runga ano i nga mate huhua o te wa, ara ko Pita Paraone tera kua haere ki tua whakarere. Na reira, e mihi atu ana ki te katoa o nga mate, e kakati ana te ngakau, o tena, o tena o nga whanau kei waenganui i a tatou.

We invite you as beneficial owners of the Trust to the 2019 AGM – Nau mai, haere mai ra e te iwi.

The arrangements for the hui are:

Venue: **Te Rito Marae, Moerewa**  
Date: **Saturday 16 November 2019**

### Agenda

8.30 am Owner registration and morning tea  
9.30 am Karakia and mihi mihi  
Meeting commences, Apologies, Trustee's Report, Financial Report for 2018/ 2019, Auditors Report, Appointment of auditors for 2019/2020, election for Trustees if needed  
1.00 pm Karakia whakakapi  
Lunch will be served at the conclusion of the hui.

### Proxies:

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

- To be valid and accepted by the Trust, the proxy form must be completed on the form attached to this newsletter (or down loaded from the web site [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)) and received by the Trust (at 6 Vinery Lane, Whangarei) at least seven days in advance of the AGM, that is by 5 pm on Friday 8 November 2019.
- Late proxies will not be accepted after this date, or at the AGM.
- A schedule of proxies will be prepared and made available at the meeting.
- Photocopies of the proxy form are acceptable.
- Any mature, responsible person may be appointed as a proxy holder.

### **Nominations for election to be a Trustee:**

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

- Three of the seven Trustees are to stand down this year. They are Pita Tipene, Pita Cherrington and Ernest Morton. In addition, there is a further “vacancy” due to the passing of Pita Paraone on 26 August 2019. Therefore, there are four Trustee vacancies.
- All nominations for Trustee must be in the form as attached to this newsletter, or by down loading it from the web site [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)
- Nominations for Trustees must be received by the Trust (at 6 Vinery Lane, Whangarei) at least fourteen (14) days in advance of the AGM; that is by 5 pm on Friday 1 November 2019.
- Late nominations will not be accepted after this date or at the AGM.
- Two existing owners who are named on the Maori Land Court list of owners must nominate and second the nominee.
- The nominee must sign the form and should submit a statement of experience and capability (e.g. a CV) at least fourteen days before the meeting for consideration by the owners at the AGM, that is, by 5pm on Friday 1 November 2019.
- Photocopies of the nomination form are acceptable.

### **Voting for Trustees:**

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

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

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

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

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

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

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

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

**OR:**

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

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

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

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

## **INFORMATION UPDATE:**

For those beneficial owners unable to attend the AGM an information update on a number of matters follows for your information.

### **Nga Mahuri o Ngati Hine – Manuka Plantation Planting Project:**

As a part of the Forestry Right with the Crown we have a Manuka Training Program to plant out 495 hectares of Trust lands.

The project is being implemented over 2019 – 2020 to plant out the lands. The kaupapa is underpinned by our kaupapa “He Ringa Ahuwhenua, He Hanga Mahi” to actively grow our assets.

As a training program we have engaged Johnson Contracting to deliver Level 2 Forestry Training for 20 trainees each year. The kaupapa is “earn while you learn” seeing trainees in paid employment planting the Manuka trees on the Trust’s lands while completing the Forestry qualifications.

Pastoral support (manaaki tangata) is an important part of Nga Mahuri o Ngati Hine. We have engaged Nga Tangariki o Ngati Hine to deliver our manaaki tangata service to our trainees.

2019 saw our first intake of 20 trainees complete the Nga Mahuri o Ngati Hine Manuka Plantation Training Program.

- 208 hectares of manuka planted, that is 192,000 plants
- 20 trainees commenced training in February 2019
- 20 trainees achieved a NZQA Level 2 Forestry qualification
- 18 trainees went into full time employment - mainly forestry
- 2 remaining trainees are still engaged in other training

A graduation ceremony was held on 5 July 2019 at Te Rito Marae attended by Minister for Forestry Shane Jones which saw friends and whanau gather to celebrate the achievements of the trainees as they move out into the workforce and further training.

This particular joint venture with the Crown is a significant step towards the Trust's vision of gradually replacing pine with native. These manuka plantings will also contribute to commercial returns derived from manuka honey and possibly other manuka products such as manuka oil.

### **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’s) been harvesting their lease area steadily since 2008. This is the lease that was signed in 1981 and was for one rotation of pinus radiata only.

As the TPL 4 forest lease area is harvested these harvested areas are progressively surrendered back to the Trust. Around 174 hectares of productive forest land has yet to be surrendered back to the Trust. This area comprises a number of small and difficult compartments with harvesting expected to be completed by mid-2020. The expiry date of the lease to TPL 4 is 30 September 2021.

## **Second Rotation Pine Crop - Forestry Right with the Crown:**

As has been reported to beneficial owners 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 into with the Crown in the form of a Forestry Right was communicated in detail last year in the Trust's May 2018 panui, 'Te Tātarakihi' and 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 you, the beneficial owners. 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.

This is an exceptional step forward given that the lease signed in 1981 with Carter's meant that the Trust only had a 9% share in the ownership of the crop that was planted in the 1980s. In only another couple of decades the beneficial owners will commence owing 100%, given that the pine trees planted by the Trust in the winters of 2011, 2012 and 2017 are included within this Forestry Right.

Harvesting of the second rotation could start as early as within the next 15 to 18 years with a third rotation planting commencing at that point.

**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 utilising local contractors has so far harvested 89% of this forest. Aubade expect to have completed the remainder of the harvest by the end of this coming summer

Aubade continues to support via a scholarship a young and local Ngati Hine forester with ongoing studies towards forestry industry qualifications.

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.

**Manuka Honey:**

Since entering the manuka honey business the Trust has encountered fairly heavy head winds - three poor seasons in a row, the year before last being the worst in 30 years, coupled with theft, vandalism and operational difficulties.

There are also wider problems within the industry. These problems were summarised by Sean Goodwin, one of the Apiculture NZ Board members at their 2019 AGM and Conference. He suggested that the current state reflects "self-inflicted wounds" commenting that the ability to predict the final UMF of honey meant that exporters had begun purchasing a year in advance. They also bought as much honey as possible to blend with manuka to produce low quality manuka honey.

This he said had artificially inflated the price of all honey and that we are now in a correction phase where honey has fallen to very low prices – so low that they cannot sustain beekeepers. He predicts prices will correct over the next few years but stressed that there were too many hives which reduced the crop of all hives and lowered profit margins. Current conditions would likely drive some beekeepers from the industry and this would reduce hive numbers he concluded.

During 2018 the Government (Ministry for Primary Industries (MPI) established a regulation determining a scientific definition so as to determine what can be called Manuka Honey and what can't. For honey to be able to be labelled and marketed as "Manuka Honey" you must pass a strict criteria.

The consequence of this new scientific definition of Manuka Honey and the accompanying testing regime has been that about 38% of the manuka honey crop in Tai Tokerau can now no longer be labelled "Manuka". This therefore will translate into much lower financial returns to beekeepers. The Trustees, and many others, believe that the testing regime is flawed and thus has resulted poor returns for Tai Tokerau Manuka Honey producers.

The Trust as a member of the Tai Tokerau Miere collective and has been active in coordinating a regional response to the MPI Manuka Honey definition. A regional meeting was hosted in March at Otiria Marae which saw over 100 beekeepers, landowners and stakeholders come together to discuss the impact of the definition. This meeting saw wide spread media coverage which assists our region in advocating for change. There is further regional meeting planned in October to update the sector.

As a member of Tai Tokerau Miere we have been active in advocating for change of the Manuka Honey Definition with the Minister for MPI. While there is still no change to the definition assurances have been given by the Minister that the issue is being considered.

Hence for all of these reasons the Trust has been suffering losses in its honey business.

Despite these various challenges the Trustees believe that the manuka honey business has a good synergy with the whenua and that long term there is a bright future for Manuka honey and oil.

Investigations are therefore underway with the view to sell honey domestically and internationally under a Ngati Hine brand and story as opposed to the current model of selling honey wholesale. It will be a long game.

Tai Tokerau Miere is a collective of hapu iwi working together in Manuka Honey. The aim of this collective is capturing the whole Manuka honey value chain from drum to overseas and domestic retail outlets. It is envisaged once fully operationalised that the collective will purchase honey wholesale from

beekeepers, undertake extraction, bottling, marketing and distribution. The marketing to be based on the stories and culture of Maori within Taitokerau. The additional profits captured at the retail end being fed back through the value chain, right back to the land owner.

The collective is still undertaking business planning and due diligence activities, including the consideration of establishing joint arrangements with other appropriate industry players, as stepping stones towards becoming one hundred percent self-reliant. Beneficial owners will appreciate that such an endeavour will require significant capital and access to markets and assistance from others, will at least in the medium term be required.

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

The significant development in the Trust's kiwifruit business during the year was the purchase of a fifth orchard on 14 December 2018. The orchard is named Pukerau and is located at 1500 State Highway 10, Kerikeri. It comprises 7.8201 hectares of land and 3.85 hectares of producing Zespri SunGold G3.

A decision was also made during 2018 to convert the cultivar on Te Ara Kopeka from Hayward Green to Zespri SunGold G3, another significant investment.

This further significant investment in land and kiwifruit in Kerikeri was made on the confidence of a continuing strong kiwifruit industry providing solid financial returns to participants. For the Trust's two SunGold G3 orchards (Ahuareka and Pukerau) the return on investment is in the order of 10% pa. As well as financial returns there are also benefits in terms of employment and for more of a Ngati Hine voice to be heard within this industry.

The beneficial owners with five kiwifruit orchards therefore now own 43.5716 hectares (108 acres) of land in Kerikeri. Upon these orchards there are 27.76 hectares of kiwifruit canopy.

Paparata, Te Tara Kowhai and Te Ara Kopeka were purchased in June 2004. Ahuareka was purchased in December 2006.

In June 2018 Turners and Growers sold the bulk of their Kerikeri operation (Kiwifruit and Avocado orchards and Pack House) to Seeka Limited. The then lessees' interest in the Trust's four orchard leases were also sold to Seeka. Subsequently all of these leases were renegotiated and now new 15-year leases

and supply agreements are in place with Seeka for all five of the Trust's orchards.

Within these leases there are five yearly review provisions which allow the Trust and Seeka to take stock of the arrangements in place thus providing an opportunity for the Trust to consider taking over the operational management of the orchards or to agree to some other type of arrangement.

The Trust's two SunGold G3 orchards (Ahuareka and Pukerau) are very profitable. Te Ara Kopeka was converted in July to SunGold G3 and we await the orchard moving into full SunGold production over the next two seasons.

The other two orchards are not profitable because of the less valued cultivar on those orchards; i.e. Paparata with Hayward Green and Te Tara Kowhai with ENZA Gold A19.

It is therefore imperative that the Trust continuing working towards converting the cultivars on both Paparata and Te Tara Kowhai. These conversions will require significant capital investment.

Seeka operate an active cadetship scheme; the Trust is working alongside Seeka and a wider Horticulture NZ Governance group to input into wider workforce development and training needs in our rohe.

### **Study Grants:**

In terms of clause 7.8 of the Trust Order the Trustees during this year have continued to support Jean Morton who is studying for his Diploma in Forestry Management at Toi-Ohomai Institute in Rotorua via a \$5,000 grant.

The maximum spend able to be made in any one year in terms of the Trust Order is \$10,000.

### **Marae Grants:**

The Trust Order at clause 7.6 provides the mechanism by which grants of a capital nature can be made to Ngati 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 Maori Authority rate of 17.5% have to be attached.

During the financial year to 30 June 2019 the Trustees received applications and subsequently approved commitments to fund two Marae projects. These projects are contingent liability commitments with the actual monies being spent in the 2019/2020 financial year. The two approved projects are:

***Otiria Marae***

Restoration of the pou haki (flag pole) - A maximum funding approval has been capped at \$40,000 cash plus tax credits at 17.5%.

***Ngawha Marae***

Development of access road and car park. A maximum funding approval has been capped \$41,250 cash plus tax credits at 17.5%

**Nga Whenua Rahui Kawenata / Presence of Kiwi / Pest Control:**

The Trust in mid-2018 finalised negotiating with the Crown a variation to the 1998 Kawenata whereby the fencing monies can instead of being used for fencing can now be used for pest control and associated activities.

The Trust has had completed an Ecological Survey of the native forest areas in late 2018 – early 2019 and an initial programme of kiwi monitoring was undertaken in June and July 2019 by Nga Tirairaka o Ngati Hine.

The results of the kiwi monitoring concluded that there is evidence of male North Island brown kiwi (*Apteryx Mantelli*) present in the Totara Reserve, an area of around 145 hectares of native bush.

The Trust is now working on finalising a pest control programme to protect these kiwi and other flora and fauna.

**Summary:**

The Trust is now moving through into a different phase on the back of completing the Forestry Right agreement with the Crown in 2018. This coupled with manuka planting and training programme essentially means that the forest estate has been “sorted” and no longer is the huge issue which it was previously.

The Trustees have therefore been able to focus attention elsewhere and as reported above the emphasis has been on increasing investment in the kiwifruit industry, with more significant investment still to be made. Once these investments are completed and all five orchards are producing optimum profits this will see significant annual cash flow.

In time the very significant and sustained returns from the Crown Forestry Right commencing in 15 to 18 years and then over a decade, together with, very strong annual income from kiwifruit will combine to provide an economic power house with the ability to drive positive change in the lives of the beneficial owners and their whanau.

The incredible success of Nga Māhuri o Ngati Hine was a stand-out highlight of the year. This is example of the Trust's ability to influence decision makers to invest in our people. This sort of influencing activity is an area of focus for the Trust alongside the core commercial business of the Trust.

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



Pita Tipene  
Chairman

**Ngati Hine Forestry Trust Trustees:**

Pita Tipene (Chairman)  
Pita Cherrington (Deputy Chairman)  
Len Bristowe  
Waihoroi Shortland  
Ernest Morton  
Jim Baker

**Contact Details**

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

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

**Ngati Hine Forestry Trust**

PO Box 108, Whangarei 0140

**Note – To be valid, this form must be received in the hands of the Trust (at 6 Vinery Lane, Whangarei) at least fourteen days in advance of the annual general meeting, i.e. 5 pm on Friday 1 November 2019**

**Trustee Nomination Form**

**(Refer clause 4.8.5 of the Trust order)**

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

and ..... (Name of seconder)

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

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

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

as a candidate for the office of Trustee at the next General Meeting scheduled for Saturday 16 November 2019 or any adjournment thereof.

SIGNED this ..... day of .....2019

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

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

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

..... (Signature of Candidate)

## Page 2 - The Fifth Schedule of the Trust Order

### Desirable Qualities for Prospective New Trustees

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

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

#### **Trustee Qualities:**

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

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

#### **Trustees Responsibilities' to Lenders:**

The Trust has mortgages and other securities with Westpac Banking Corporation.

Westpac have imposed certain conditions and requirements in terms of compliance within their loan agreements.

These requirements include that Westpac will give approval to the appointment of any new Trustee.

Westpac will undertake credit reference and other checking as part of this process.

Westpac has indicated, for example, that people with criminal convictions or who have been or are adjudged bankrupt will not be considered suitable in terms of their criteria.

This approval process is in addition to the process of approval by the Maori Land Court.

Once a new Trustee is approved by Westpac new Trustee will be required to sign a deed of assumption agreeing to take on the liabilities and responsibilities of the loan agreements entered into by previous Trustees.

**Ngati Hine Forestry Trust**

PO Box 108, Whangarei 0140  
www.ngatihine.maori.nz

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

**5 pm Friday 8 November 2019**

**Proxy Notice Form**

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

I, ..... (block letters)

of .....

Number of Shares? .....

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

..... (block letters)

of .....

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

of .....

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Trust, to be held on 16 November 2019 and at any adjournment thereof.

**SIGNED this ..... day of .....2019**

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

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

**(Signature of Witness)**

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

**Occupation:** .....

**Address:** .....

.....