

# Ngāti Hine Forestry Trust Annual Report



# 2022





## 2022 Annual Report to Owners

For the Twelve Months Ended 30 June 2022

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### Annual General Meeting Agenda

8.30am	Cuppa tea available and shareholders to register
9.30am	Karakia, Whakatau
	Chairman's Introduction
	Presentation of the 2022 Annual Report
	Presentation of the 2021/2022 Financial Statements
	Audit Report
	Recommendations to Owners
	Election of Trustees
	Poroporoaki
1.00pm	Lunch



# Ngāti Hine Forestry Trust

## 2022 Annual Report

### Tena rā koutou e te iwi

E rere atu ana te mihi ki a koutou katoa, e ngā uri o ngā tangata, no koutou ngā hea kei raro i te marara o te ngahere o Ngāti Hine. Tēnā rā tatou kua tatu mai nei i raro i te tuanui o tēnei whare tupuna.

Ka mihi tonu ki te hunga, na ratou te whakaaro kia whakakotahingia ngā whenua, hei painga mo ngā uri whakatupu anō hoki.

Otira ra e tika ana ki te mihi atu ki te hunga wairua, kua ngaro atu ki tua whakarere. Haere e ngā mate huhua, haere, haere, whakangaro atu. Ratou i takoto ai i runga anō i a tatou marae maha, ngā mate huhua, haere koutou, haere, haere, whakaoti atu. Ka hoki ki a tatou te hunga ora e huihui mai nei, tēnā rā tatou katoa.

Me mihi tēnei ki te hunga kāinga, e huihui mai nei tātou ki tēnei o ngā marae o Oromāhoe. Kua roa kē te wā, kia tū anō he hui ā tau ki waenganui i a koutou. E kore hoki mātou ko te wareware i a koutou kei tēnei pito o ngā whenua o tatou – tēnā rā koutou.

### Note from the Chairman

We regret that the 2021 Annual General Meeting was unable to be scheduled last year due to covid restrictions. We are very pleased to now have the opportunity to update shareholders on what has been a busy and challenging period for the trust.

The year to June 2022 has been a period of significant change for the trust having employed our new CEO, Guy Holroyd, following the departure of Huhana Lyndon in May of last year.

This has seen the restructuring and evolution of core businesses together with organisational changes, significant new roles created and new staff members employed.

The trust is now positioned for a growth phase that we hope will see the start-up of new businesses, the creation of significant employment opportunities and increasing involvement with and benefits for the Ngāti Hine Forestry Trust (NHFT) shareholders and Ngāti Hine community.

## Highlights

- *Environmental Showcase & Innovation Hub: new carbon strategy has resulted in the purchase of a farm (478 hectares) within Ngāti Hine and the establishment of a carbon farming together with environmental restoration projects at Taikirau.*
- *Work has begun on He Ringa Ahuwhenua, He Hanga Mahi – our Matauranga led native forestry transition project. The first trial site has been established and community planting day held at Pukenehunehu, adjacent to Perana Urupā in Matawaia.*
- *A pest control project funded under the DOC Jobs For Nature scheme has begun in partnership with Nga Tīrairaka o Ngāti Hine*
- *Our Manuka Honey business restructured and returned to modest profitability in partnership with Oha Honey (Ngai Tahu)*
- *Four new permanent roles created to build capacity and capability.*



## Chairman and Chief Executive's Review

### Executive Summary

This has been a busy year for the Trust reflective of our vision– He Ringa Ahuwhenua, He Hanga Mahi!

Having appointed the new CEO, both management and trustees agreed to embark on an in-depth review of our trusts operations and strategy.

This has been a multi-faceted process, from a high level or strategic view, we have looked at long term strategy, organisational structure and capital structure.

From the lower level “on the ground” view we have looked at operations and individual businesses and made decisions about how these can be improved.

The long-term aim of our kaupapa is to more significantly engage with you as shareholders and more broadly with the Ngāti Hine community in order to create more value, prosperity, employment and other benefits.

This review process has resulted in our improved operational capability, we list some of the milestones achieved in the past year:

- Development of a carbon strategy and the purchase of Te Pae Tata – 42 Taikirau Road, Maromaku (carbon farm)
- Restructuring and consolidating our Manuka honey business
- Reviewing our balance sheet and initiating capital raising proposals with both government and private sector in order to enable growth and the payment of dividends

- Restructuring operations and employing staff, with a focus on searching for and employing Ngāti Hine people as part of our kaupapa to be “fit for purpose”
- Implementing He Ringa Ahuwhenua project – native forest rangahau research
- Implementing the Jobs For Nature pest control project
- Utilising our resources more efficiently

Operationally, we believe the trust is now in a much better position to manage assets in a more proactive manner, this will translate to improved returns and better outcomes with regards to stewardship, environmental management, shareholder and community engagement.

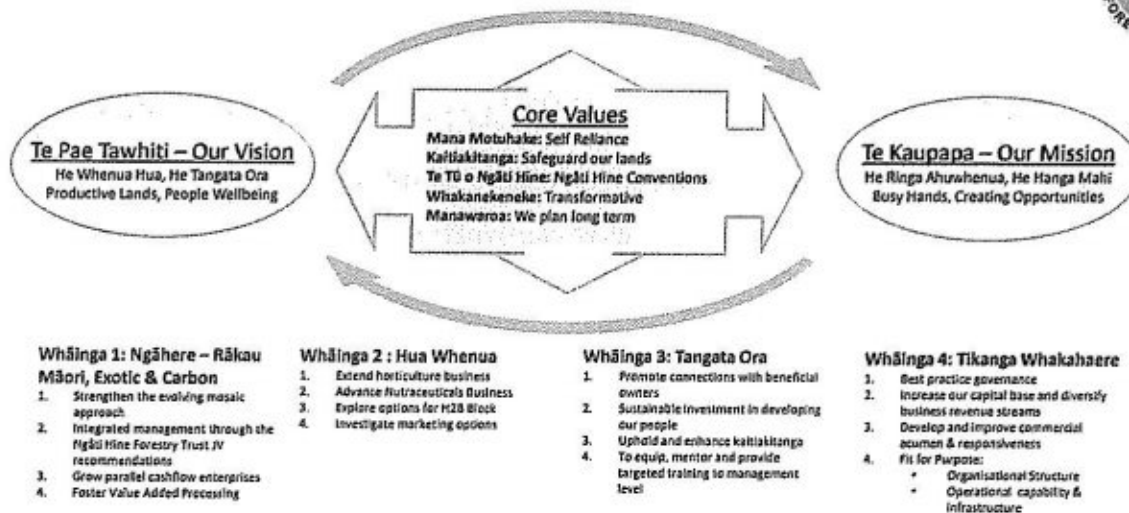
We have had a focus on and are committed to becoming more responsive at dealing with issues and concerns raised by shareholders and members of the community. A good example of this was the rain storm that occurred on 21<sup>st</sup> March this year. We responded to a number of calls, met with those concerned and took decisive action to remediate storm damage and undertake clean-up operations in a timely manner.

At the strategic level, trustees and management are in the process of outlining a long-term plan that will guide our trust through to the beginning of the next pine harvest in the mid 2030's. We believe this will lead to environmentally sympathetic changes in our harvesting regime and will herald a new environmental standard for Ngāti Hine whenua. This vision goes hand in hand with building our capability and knowledge of native afforestation whilst also building up a forestry management team that we hope will be the mainstay in our harvesting operations of the future.

We mentioned carbon strategy above, this is to do with the New Zealand Units from the Emissions Trading Scheme that our trust has held on balance sheet for a number of years. In short, we have used these units to acquire culturally and environmentally significant Ngāti Hine whenua at 42 Taikirau Road, Maromaku where we intend to establish an “Innovation hub” showcasing environmental standards, research and entrepreneurship (more below).

We now believe that the NHFT balance sheet can be utilised more efficiently in the future. Our initiatives around capital raising/access to capital mentioned above is all about two themes, paying a dividend and providing an engine for growth. We are currently progressing this kaupapa and look forward to bringing further updates to shareholders.

## Ngāti Hine Forestry Trust Strategic Intent 2022 - 2025



### Financial Report

The following is a summary of the 2021/2022 financial result:

<b>Income</b>	<b>\$6,266,106</b>
<b>Expenditure</b>	<b>\$954,475</b>
<b>Profit before Taxation</b>	<b>\$5,311,631</b>

While the Profit Before Taxation is \$5,311,631 the taxable income for the year is lower due to non-taxable adjustments, the main one being the \$4,951,649 increase in the value of the New Zealand Unit's (NZU's) held in the New Zealand Emissions Trading Scheme by our 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.



Our trust currently holds 91,172 NZU's valued at \$6,929,072 with 80,000 NZ units were sold during the year to fund the acquisition of farm land at 42 Taikirau Road, Maromaku.

The Westpac debt as at balance date was \$5,400,156 all of which relates to capital investments in kiwifruit over the past three years.

Under the Crown Forestry Right, the Trust received \$261,219 in annual rental. No stumpage rental was paid during the period.

The mānuka honey business recorded an operating loss of \$47,986 this year compared to a loss of \$370,341 in the 2021 year

The income stream from the Trust's Zespri SunGold G3 kiwifruit orchards and Zespri shares (as fully imputed dividends) made up the bulk of our Trust's revenue. The Zespri dividend was \$1,140,942 and Gross Profit from the orchards stood at \$1,723,108 compared to \$1,558,275 in 2021. This increase was due to harvest results as well as full harvest revenues from the recently acquired Ahikiwi orchard.

In the 2022 year, accounting treatment for the orchards was changed so that accrued orchard expenses for the development orchards was incorporated into the accounts. Previously, these expenses, which are carried or financed by Seeka until such time as the orchards produce revenues were not included in our Trust's accounts. This has led to additional orchard expenses of \$1,537,443 in the current year.

This has impacted net profit before tax which stands at a loss of \$152,888 this year compared to \$1,301,852 last year.

Whilst the combined kiwifruit industry returns remained strong in the 2022 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.

## Human Resources

We have made a number of changes in staffing as outlined above in order to better meet the challenges ahead and we believe our trust is now positioned to manage businesses well and to tackle new initiatives. This is all about being “Fit for Purpose” and more commercially responsive. Our approach has been to search for and appoint Ngāti Hine people wherever possible. We believe in this approach as a part of our kaupapa to more significantly engage with you all as shareholders and more broadly with the Ngāti Hine community.

Our new line up of skills and experience will also take NHFT to a new level of capability around environmental stewardship and restoration

*Ian McLelland* left the trust in February of this year after many years of loyal and exemplary service. We wish him well in his retirement.

*Heidi Mackey* joined us as Project Manager and in house legal and stayed with our Trust until August this year. Heidi has now started her own law practice and continues to assist our trust with important kaupapa including restructuring work and advice required in order to prepare for payment of a dividend.

*Sean Laybourn* joined us as Operations Manager just after balance date this year and will be responsible for overseeing operations on the ground to ensure that we grow “institutional knowledge” of our assets and ensure that all operations run smoothly.

*Prinni Livingstone* is managing our administration function joined us in June. Prinni previously worked at MSD

*Josh Witehira* recently joined NHFT as “Whenua Lead”. Josh comes from a background in forestry contracting and is involved in supervising pest control activities as well as getting our native forest research trials “in the ground”.

*Jack Vallings*, joined us recently as Project Manager for our Native forestry “Rangahau” project – He Ringa Ahuwhenua, He Hanga Mahi – Indigenous Forestry Strategy Development project 2021-2025. Jack has a wealth of experience in native plant nursery operations and qualifications in Environmental Science

#### Contractors

Many thanks to our contractors including:

- Ngatirairaka o Ngati Hine
- Pedro’s Diggers earthworks & Drainage Northland
- Farm hand – Jonathan Nyhuis
- Manuwai Wells – was contracted as Rangahau Coordinator for six months

Other contractors include:

Amadonna Jakeman – Joined NHFT in a contractor role in October 2021 as the Mātauranga Integration Rangahau Lead for the He Ringa Ahuwhenua, He Hanga Mahi – Indigenous Forestry Strategy Development project 2021 – 2025. She has a Master of Arts in Māori development and is completing PhD studies alongside contracting. Raised i ngā rekereke o tona māmā i roto o Ngāti Hine. Amadonna was fortunate to be raised by her whānau and kaumatua who shared their time and mātauranga. Such teachings have paved the pathway today and we are happy to have Amadonna onboard to provide guidance in this space.

Peter Prime - Joined NHFT in a contractor role in August this year for the He Ringa Ahuwhenua, He Hanga Mahi – Indigenous Forestry Strategy Development project 2021 – 2025 in a Puna Mātauranga Kaitautoko role that provides support, advice and guidance. The project aims to be kaupapa Māori and mātauranga led and Peter’s contribution from past experiences of planting native trees on the whenua brings a wealth of knowledge to the project. We are fortunate to have Peter on board in this mahi.



## Forestry

### Summary

Ngāti Hine Forestry Trust is leading the world's first indigenous forestry strategy project - He Ringa Ahuwhenua He Hanga Mahi – Indigenous Forestry Strategy Development project 2021 – 2025 that focuses on a new approach to forestry systems using mātauranga Māori. The project itself aims to have exotics phased out over time and more natives being planted on Ngāti Hine whenua. This project highlights the need for kaitiakitanga and ties into another NHFT project around pest control 'Kia hoki mai te ketekete a ngā manu ki nga ngahere o Ngāti Hine'.

Our trust is mapping out areas of possible sites to plant natives and will continue to engage with shareholders drawing on mātauranga Māori me ngā korero tuku iho that ties into our strategic intent - Te tū o Ngāti Hine.

The arrangement entered into with the Crown was in form of Forestry Right, for a final forest crop rotation of pinus radius which sees pine planting reduced and natives planted.

A joint venture agreement (Forestry Right) between the Ngāti Hine Forestry Trust (NHFT) and the Crown was executed on 11 April 2018 in relation to final rotation forest crop on the land.

Under the terms of the Forestry Right, the Crown meets all forestry costs and pays rental to NHFT in the form of an annual rental plus a share of net profits (stumpage) at the time of harvest.

The total forest area covered by the Forestry Right is currently 3,625 hectares (ha) (Ngāti Hine and Ruatangata Forests). 136.7 ha is the remaining balance awaiting replanting.

### Forest Management and Management Contractors

The Crown's interest in Ngāti Hine Forest is administered by the Ministry for Primary Industries (MPI), through Crown Forestry, on behalf of the Crown. PF Olsen Ltd (PFO) is

contracted to manage the day-to-day forestry activities undertaken within the Ngāti Hine forestry estate on behalf of the Crown.

#### Joint Management Committee

The Forestry Right allows for a Joint Management Committee (JMC) to meet regularly, discuss forestry issues and form strategies based on learnings of previous harvests and forecast plans for reporting. This Committee has been established with two representatives for each party listed below:

**Ngāti Hine Forestry Trust:** Len Bristowe, Ernest Morton  
**Crown Forestry:** Sam Keenan, John Hornby

#### Forest Management Plan

The forest is managed under a Management Plan that will be reviewed and updated annually.

#### Handback of Harvested Areas

Hancock Forest Management Ltd (HFML) managed the first rotation at Ngāti Hine Forest on behalf of Taumata Plantation Ltd (TPL) under a lease. TPL's lease expired on 1 October 2021 and the final land hand-back from HFML, has occurred. The final Aubade surrender, to Ngāti Hine Forestry Trust, at Ruatangata was formally undertaken in July 2022.

#### 2021/2022 Forest Operations

Significant operations were completed during the year which are summarized below:

##### Land Preparation

Preplant aerial spraying was undertaken in August 2021 and May 2022 by Helisika, to desiccate weeds in preparation for planting radiata in 2022.

### Planting

Planting of a total of 379.7 ha was completed with bare-rooted Pine radiata in various stands during the twelve-month period. In July-September of 2021, 329.6 ha was planted to a weighted average stocking of 979 stems per hectare (sph) by several contractors. A further 50.1 ha was planted in May-June 2022. This area was reworked several times for low stocking.

### Archaeological Sites

There are several recorded archaeological sites in the forest managed in accordance with Heritage New Zealand Pouhere Taonga Act 2014. Accidental discovery protocols are in place.

### Fire Control and Protection

There was permitted burning of hives by the NHFT Apiarist in November 2021 (on a Te Ara Road skid), and in January 2022 a disused fire pit was recorded on a skid in stand 11/13. Fire planning and preparedness measures within the forest are undertaken by PF Olsen Northland on behalf of the Crown. Fire Control and Protection for the forest is covered by the Fire and Emergency New Zealand Act 2017 – the standing instruction remains dial 111 and notify Fire and Emergency New Zealand at the first sign of any fire.

A high-level rubber lined dam was installed on a Te Ara Road skid. This dam will provide water for fire-fighting, in particular a dipping pond for monsoon buckets. There is a budget for fire prevention (breaks, opening access to water etc).

### Security

Forest Security is currently undertaken by Forest Security Northland Ltd. This includes regular forest and security gate patrols, plus repairs and maintenance of damaged security gates and signs.



Operations scheduled for 2022/23 include:

- Aerial desiccation of 2023 planting areas.
- Mechanical and manual land preparation of 2023 planting areas.
- Completion of 2022 planting and fertilising
- Commence 2023 planting and fertilising
- Aerial and/or spot spray releasing
- Blanking (both 2022 and 2023)
- Survival surveys of 2022 planting
- Roadside pruning
- Waste thinning
- Pre-assessment of thinning stands
- Foliage sampling
- Aerial application of fertiliser
- Contingency for pest and weed control
- Road maintenance
- Forest security (both patrol and repairs)

**Matawaia Forest**

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

The 50/50 Joint Venture Partnership with Kiwi Forestry International Ltd which was established in 2013 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 was 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 in to native.

### **Kiwifruit Orchards**

The trust owns six kiwifruit orchards in Kerikeri. The total land area is 49.7456 hectares and there is 32.22 hectares of Zespri SunGold G3 kiwifruit canopy.

The first orchards 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.

Three of the six orchards are at full maturity with the remaining orchards having been converted to G3 Gold in 2019 & 2020. We aim to have all orchards fully productive by the 2024/5 season.

Since December 2018 the trust has invested around \$15 million into kiwifruit orchards by undertaking cultivar conversions on existing orchards to SunGold G3 and the purchasing two new SunGold G3 orchards (Pukerau and Ahikiwi). This investment funded from the proceeds of the sale of the trust's housing portfolio and by Westpac bank debt.

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 \$1,140,942 and Gross Profit from the orchards stood at \$1,723,108 compared to \$1,558,275 in 2021. This increase was due to harvest results as well as full harvest revenues from the recently acquired Ahikiwi orchard.

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Investment in the kiwifruit industry is a very significant undertaking for the Trust and the past 12 months has seen a significant focus on improving management capability and oversight of these assets.

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. The lease arrangements with Seeka will be reviewed in the 2022/2023 year

#### NHFT Orchards:

*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

### **Mānuka Honey**

During the year NHFT's beekeeping business was completely restructured. In the 2021 financial statements we reported a loss of \$370,341. This year we have reported a reduced operating deficit of \$47,986 for the Manuka business. However we have taken 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. As previously stated the beekeeping business was 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.

After reviewing various options, the decision was taken to partner up with Oha Honey for the 2021/22 season. Oha is a wholly owned subsidiary of Ngai Tahu. This was an arrangement where Oha took over all beekeeping activities and profits were shared. The past season was challenging with too much wet weather up to the year-end however harvest went well with production of c.13 tonnes of honey. Due to circumstances outlined below, Oha notified us that they intended to cease all beekeeping operations in Northland earlier this year. As a result, the trust has entered into a new beekeeping agreement (post balance date) with Manuka Health who will place their hives on Ngāti Hine whenua on a profit-sharing basis.

The New Zealand manuka honey sector still faces structural challenges due to a very large surplus of manuka inventories and an ongoing surplus of production (too many hives).

Whilst various initiatives have been taken to tackle this problem, beekeepers in Tai Tokerau continue to face the challenge relating to the Government's regulation determining a scientific definition for Mānuka Honey. This means that a significant (c.40%) and fluctuating proportion of the mānuka honey crop in Tai Tokerau does not meet the manuka definition. Furthermore, it is impossible to predict what percentage of production will be classified as manuka in any given year as the genetic markers in the honey vary widely from season to season. This has caused a number of beekeeping operations to pull out of Taitokerau.

We are currently exercising caution in our approach to the manuka business although the Trust is still committed to having a presence in this sector long term and believe it is a good strategic fit for our whenua and our kaupapa.

#### **Taikirau Road Farm – Maromaku**

The trust settled the purchase of a farm in Maromaku in June this year. The farm is approximately 478 hectares in area and comprises a dairy unit, significant stands of native forest and two environmentally significant water ways.

This whenua is significant in that while it faces into Taikirau, it backs onto Waiomio and this therefore part of our Ngāti Hine heartland within the Motatau blocks.

The Trust utilised NZ Units to fund the purchase of this whenua. Our intention is to establish an “Innovation hub” showcasing environmental standards, research and entrepreneurship.

Post balance date we have established a c.110 ha “carbon farm” on the property which will repay a portion of the NZ Units used to fund the acquisition. We have also begun the establishment of a native plant nursery which will support environmental research and restoration projects. There are a number of initiatives planned for the Taikirau Road Farm which we hope will generate community interest and engagement together with employment opportunities.

### **Emissions Trading Scheme (ETS)**

At the start of this financial year the Trust’s carbon credit holdings remained at 171,172 New Zealand Units (NZU) which had a tradable value as at 30 June 2021 of \$7,437,424 (= \$43.45 per NZU). Once again, we 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 Trust sold NZU 80,000 in December of 2021 in order to fund the purchase of farm land at Taikirau Road near Maromaku. The remaining balance of NZU 91,172 had a value of \$6,929,072 as at 30 June 2022

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).

### **He Ringa Ahuwhenua, He Hanga Mahi**

The vision for the Ngāti Hine Forestry Trust as previously espoused 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.

The project is now well under way and will see significant progress in the 2022/2023 year with identification and establishment of trial planting areas.

### **Pest Control**

As previously reported our 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 was started in early 2022 in conjunction with Nga Tirairaka o Ngāti Hine. This kaupapa will generate employment and add to our Trust's increasing focus on environmental restoration and management.



### **Nutraceuticals**

Our Trust owns 100% of Hineora Limited, a vehicle 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. Our 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.

### **Zespri Shares**

The Trust owns 490,620 shares in Zespri.

During 2020/2021 the Trust received dividends of \$1,140,942 from Zespri.

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

The approximate value of a Zespri share as at June 30 2022 was \$9.10. At this value the Trust's shares are worth in the region of \$4.46 million. The Zespri share investment delivered a strong performance again this 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.

Our trust during the 2021/2022 financial year provided capital grants to four Ngāti Hine Marae.

### ***Miria Marae***

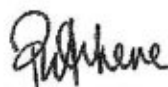
Approval for a Marae Grant of \$50,000.00 towards the building and refurbishment costs was approved during 2021/2022 financial year. This is an ongoing project and will be completed in the near future.

### **Dividends**

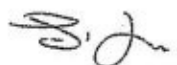
In the past 12 months management and trustees have reviewed and debated various options and financing methods to enable the payment of dividends. This has progressed the kaupapa and we hope to be in a position to pay a dividend in the 2022/23 financial year. In order to do this we are asking shareholders for a variation to the trust deed.

As a guiding principal it is worth noting that trustees and management believe that dividends should be paid from income not capital. As an example, the Trust could sell NZU's (Carbon units) in order to pay a dividend however this would erode the Trust's capital base and preclude investment in income generating assets for the future. The Trust has been investigating ways to monetise future forestry income as a "backstop" for the future payment of dividends.

Nā rēira, kua mutu ēnei tuhinga ki kōnei, e whakamarama ana i ngā tini kaupapa e mahia mai nei mātou, hei pāinga anō mo te katoa.

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

Pita Tipene  
Chairman  
Ngāti Hine Forestry Trust

A handwritten signature in black ink, appearing to read 'Guy Holroyd'.

Guy Holroyd  
CEO  
Ngāti Hine Forestry Trust



***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

# Ngati Hine Forestry Trust Group - Annual Report

Ngati Hine Forestry Trust Group  
For the year ended 30 June 2022

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## Directory

### Ngati Hine Forestry Trust Group For the year ended 30 June 2022

#### 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



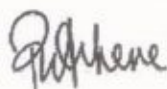
## Approval of Financial Report

### Ngati Hine Forestry Trust Group For the year ended 30 June 2022

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 2022.

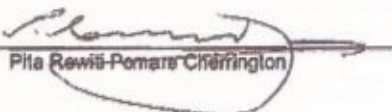
APPROVED

For and on behalf of the Trustees



Pita Tipene  
Chairperson

Date: 10 November 2022

  
Pita Rewiri-Pomare Cherrington

Pita Cherrington  
Deputy Chairperson

Date: 10 November 2022

## Divisional Statement of Profit or Loss- Forestry

### Ngati Hine Forestry Trust Group For the year ended 30 June 2022

	NOTES	2022	2021
<b>Trading Income</b>			
Emissions Trading Scheme - Revaluation NZU's	21	2,967,649	1,977,037
Emissions Trading Scheme - Gain on Sale of NZU's	21	1,984,000	-
Harvest Grant		-	8,302
Rent - Crown		261,219	263,110
<b>Total Trading Income</b>		<b>5,212,868</b>	<b>2,248,449</b>
<b>Gross Profit</b>		<b>5,212,868</b>	<b>2,248,449</b>
<b>Other Income</b>			
Sundry Income		425	19,608
Contract Services		5,182	-
Forest Fire Insurance Claim		100,484	-
<b>Total Other Income</b>		<b>106,091</b>	<b>19,608</b>
<b>Total Income</b>		<b>5,318,959</b>	<b>2,268,057</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Forestry Consultants		11,939	11,734
Interest		729	-
Pest Control		580	-
Repairs and Maintenance - Forestry		42,725	38,988
Wages & Salaries Forestry		1,959	-
<b>Total Operating Expenses</b>		<b>57,932</b>	<b>50,722</b>
<b>Total Expenses</b>		<b>57,932</b>	<b>50,722</b>
<b>Profit (Loss) Before Taxation</b>		<b>5,261,027</b>	<b>2,217,335</b>



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 2022

	NOTES	2022	2021
<b>Trading Income</b>			
Honey Sales		-	2,424
Land Lease Received		7,699	8,640
<b>Total Trading Income</b>		<b>7,699</b>	<b>11,064</b>
<b>Cost of Sales</b>			
Opening Stock	12	163,685	297,506
Closing Stock	12	(163,685)	(491,054)
Stock Impairment Allowance	12	-	327,369
<b>Total Cost of Sales</b>		<b>-</b>	<b>133,821</b>
<b>Gross Profit</b>		<b>7,699</b>	<b>(122,757)</b>
<b>Total Income</b>		<b>7,699</b>	<b>(122,757)</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Bee Food & Health		-	9,729
Beekeeping		12,320	186,243
Drum Storage		30,048	-
Extraction and Processing		-	5,570
Land Lease Paid		5,370	-
Management Costs - Honey Project		7,947	40,471
Repairs & Maintenance		-	2,596
Testing		-	2,975
<b>Total Operating Expenses</b>		<b>55,684</b>	<b>247,584</b>
<b>Total Expenses</b>		<b>55,684</b>	<b>247,584</b>
<b>Profit (Loss) Before Taxation</b>		<b>(47,986)</b>	<b>(370,341)</b>

**BDO Northland  
ASSURANCE** BDO

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 2022

	NOTES	2022	2021
<b>Trading Income</b>			
Rent Received Housing Portfolio		-	33,622
<b>Total Trading Income</b>		-	33,622
<b>Gross Profit</b>		-	33,622
<b>Total Income</b>		-	33,622
<b>Expenses</b>			
<b>Operating Expenses</b>			
HNZC Management Fee		-	5,043
Insurance Housing Portfolio		-	6,010
Management Fee Housing Portfolio		-	4,146
Rates Housing Portfolio		-	9,491
Repairs & Maintenance Housing Portfolio		-	7,203
<b>Total Operating Expenses</b>		-	31,893
<b>Total Expenses</b>		-	31,893
<b>Profit (Loss) Before Taxation</b>		-	1,729

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

**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- MPI Training Contract

Ngati Hine Forestry Trust Group  
For the year ended 30 June 2022

	NOTES	2022	2021
<b>Trading Income</b>			
MPI Funding		-	357,609
Total Trading Income		-	357,609
<b>Gross Profit</b>		-	357,609
<b>Total Income</b>		-	357,609
<b>Expenses</b>			
Operating Expenses			
Wages		-	119,452
Office Expenses		-	3,449
Project Management		-	13,416
Training Programme		-	98,700
Total Operating Expenses		-	235,017
Total Expenses		-	235,017
<b>Profit (Loss) Before Taxation</b>		-	122,592

The Manuka Plantation training programme was completed during 2021 therefore this divisional profit centre was 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- Kiwifruit Orchards

## Ngati Hine Forestry Trust Group For the year ended 30 June 2022

	NOTES	2022	2021
<b>Trading Income</b>			
Lease - Orchard Ahikiwi		42,625	24,850
Lease - Orchard Ahuareka		56,400	56,400
Lease - Orchard Paparata		65,700	40,450
Lease - Orchard Pukerau		38,500	38,500
Lease - Orchard Te Ara Kopeka		42,625	45,081
Lease - Orchard Te Tara Kowhai		67,567	42,623
Profit Share - Orchard Ahikiwi		489,255	167,116
Profit Share - Orchard Ahuareka		456,031	534,884
Profit Share - Orchard Paparata	28	-	108,358
Profit Share - Orchard Pukerau		276,956	477,733
Profit Share - Orchard Te Ara Kopeka	28	164,879	-
Rent - Orchard House		15,370	15,080
Rent - Orchard Sheds Pukerau		7,200	7,200
<b>Total Trading Income</b>		<b>1,723,108</b>	<b>1,558,275</b>
<b>Gross Profit</b>		<b>1,723,108</b>	<b>1,558,275</b>
<b>Other Income</b>			
Pastoral Care Funding		-	33,750
<b>Total Other Income</b>		<b>-</b>	<b>33,750</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Interest - Term Loans		256,189	241,586
Orchard Costs	28	47,516	-
Orchard Expenses - non deductible	28	1,537,443	-
Project Management - Pastoral Care		-	30,000
Repairs and Maintenance - Orchards		19,656	-
Replacement Planting		-	16,651
Training Programme- Orchard		720	1,936
Consultancy		14,472	-
<b>Total Operating Expenses</b>		<b>1,875,996</b>	<b>290,173</b>
<b>Total Expenses</b>		<b>1,875,996</b>	<b>290,173</b>
<b>Profit (Loss) Before Taxation</b>		<b>(152,888)</b>	<b>1,301,852</b>

**BDO Northland  
ASSURANCE BDO**

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

## Divisional Statement of Profit or Loss - 1BT

Ngati Hine Forestry Trust Group  
For the year ended 30 June 2022

	NOTES	2022	2021
<b>Trading Income</b>			
MPI Funding		387,958	-
Total Trading Income		387,958	-
<b>Gross Profit</b>		387,958	-
<b>Total Income</b>		387,958	-
<b>Expenses</b>			
<b>Operating Expenses</b>			
Project Management - IBT		90,850	-
Seed Collection		10,629	-
Wananaga and Hui Costs		13,933	-
Subscriptions		394	-
Trustees Meeting Expenses		34	-
Trustees Fees	18	10,300	-
Salaries & Wages		67,855	-
Trustees Travel Expenses	18	4,536	-
Office Expense		10,928	-
Travel		7,834	-
Consultancy		164,330	-
Wages - Kiwisaver Contribution		416	-
Repairs & Maintenance		1,803	-
Total Operating Expenses		383,840	-
Total Expenses		383,840	-
<b>Profit (Loss) Before Taxation</b>		4,118	-

BDO Northland  
ASSURANCE BDO

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

## Divisional Statement of Profit or Loss - DOC Pest Control

Ngati Hine Forestry Trust Group  
For the year ended 30 June 2022

	NOTES	2022	2021
<b>Trading Income</b>			
DOC Jobs for Nature Funding		1,347	-
<b>Total Trading Income</b>		<b>1,347</b>	<b>-</b>
<b>Gross Profit</b>		<b>1,347</b>	<b>-</b>
<b>Other Income</b>			
Co-Funding Flora and Fauna	8	109,760	-
<b>Total Other Income</b>		<b>109,760</b>	<b>-</b>
<b>Total Income</b>		<b>111,107</b>	<b>-</b>
<b>Expenses</b>			
Pest Control		460	-
Legal Fees		887	-
<b>Total Expenses</b>		<b>1,347</b>	<b>-</b>
<b>Profit (Loss) Before Taxation</b>		<b>109,760</b>	<b>-</b>

**BDO Northland  
ASSURANCE** BDO

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

## Divisional Statement of Profit or Loss - Farm

Ngati Hine Forestry Trust Group  
For the year ended 30 June 2022

	NOTES	2022	2021
Gross Profit		-	-
Total Income		-	-
<b>Expenses</b>			
Operating Expenses			
R&M - Yards, Gates & Fences		3,365	-
Shed Expenses		394	-
Consultancy		3,807	-
Total Operating Expenses		7,566	-
Total Expenses		7,566	-
Profit (Loss) Before Taxation		(7,566)	-

The farming operation is linked to the two properties located at Matawaia Maromaku Road and Taikirau Road. The property at Matawaia Maromaku Road will be used as a Nursery and Carbon Farm. The property at Taikirau Road is a Dairy unit.

**BDO Northland  
ASSURANCE BDO**

These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



## Combined Statement of Profit or Loss

### Ngati Hine Forestry Trust Group For the year ended 30 June 2022

	NOTES	2022	2021
<b>Divisional Revenue</b>			
Profit from Forestry		3,277,027	2,217,335
Loss from Honey		(47,986)	(370,341)
Profit from Kaikohe Housing		-	1,729
Profit from MPI Training Contract		-	122,592
Profit from Kiwifruit Orchards		(152,888)	1,301,852
Profit from 1BT		4,118	-
Profit from DOC Pest Control		109,760	-
Loss from Farm		(7,566)	-
Emissions Trading Scheme - Gain on Sale of NZU's		1,984,000	-
<b>Total Divisional Revenue</b>		<b>5,166,465</b>	<b>3,273,167</b>
<b>Gross Profit</b>		<b>5,166,465</b>	<b>3,273,167</b>
<b>Other Income</b>			
Capital Gain on Sale of Fixed Assets		-	332,505
Depreciation Recovered		-	30,328
Dividends Received		1,064,553	919,367
EOY Management Fee - Housing Projects		-	5,043
He Mahi Tautoko Pukenga Funding		-	10,773
Interest Received		23,257	284
MSD - Covid 19 Community Grant		-	65,000
Non Taxable Dividends Received		-	16,523
Rent Received - Office		15,000	-
Share of Earnings and Distributions from Kiwi JV		(3,168)	(3,041)
Sundry Income		-	100
<b>Total Other Income</b>		<b>1,099,642</b>	<b>1,376,882</b>
<b>Total Income</b>		<b>6,266,106</b>	<b>4,650,049</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
AGM/SGM Expenses	10	1,633	18,082
Consultancy		2,369	44,139
Electricity - Office		2,437	1,432
Motor Vehicle		10,210	15,006
Salaries & Wages		264,812	194,145
Study/Training Grants		3,000	2,000
Wages - Kiwisaver Contributions		9,450	5,915
Feasibility Expense		4,734	6,219
Operating Expenses - MSD		-	65,000

**BDO Northland  
ASSURANCE BDO**

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



	NOTES	2022	2021
Management Fee Dwelling		1,500	-
Repairs & Maintenance Dwelling		2,396	-
<b>Total Operating Expenses</b>		<b>302,542</b>	<b>351,938</b>
<b>Administration Expenses</b>			
Accountancy		56,786	36,132
Audit Fees		15,803	15,047
Bank Fees		649	1,709
FBT		6,912	6,768
Legal Fees		6,109	6,885
Printing Stationery & Typing		10,776	15,764
Non Deductible Expenditure		170	4,364
Loss on Disposal of Fixed Assets		102,130	86,859
Office Expenses		48,716	54,995
Subscriptions		4,949	7,885
Security		2,866	4,438
Trustees Meeting Expenses		3,014	6,199
Trustees Travel Expenses	18	14,353	31,549
Trustees Fees	18	68,800	110,000
Travel & Accommodation		-	4,343
Impairment of Investment		-	2,000
Research & Development		-	9,031
<b>Total Administration Expenses</b>		<b>342,030</b>	<b>403,967</b>
<b>Finance &amp; Occupancy Expenses</b>			
Accident Compensation Levy		1,197	700
Borrowing costs		-	1,500
Depreciation (as Scheduled)		200,484	120,729
Interest - Bank Overdraft		-	1,806
Insurance		65,407	44,124
Insurance Dwelling		3,167	-
Rent - Office Whg		26,267	26,267
Rates - Land & Water		13,381	29,931
Repairs & Maintenance		-	238
<b>Total Finance &amp; Occupancy Expenses</b>		<b>309,903</b>	<b>225,295</b>
<b>Total Expenses</b>		<b>954,475</b>	<b>981,200</b>
<b>Profit (Loss) Before Taxation</b>		<b>5,311,631</b>	<b>3,668,849</b>
<b>Income Before Tax</b>		<b>5,311,631</b>	<b>3,668,849</b>
<b>Taxation and Adjustments</b>			
Income Tax	2	201,062	173,405
<b>Total Taxation and Adjustments</b>		<b>201,062</b>	<b>173,405</b>
<b>Net Income for the Year</b>		<b>5,110,570</b>	<b>3,495,444</b>

**BDO Northland  
ASSURANCE BDO**

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 2022

	NOTES	2022	2021
<b>Trust Equity</b>			
Opening Balance	9	30,196,616	26,846,872
<b>Movements</b>			
Net Profit	9	5,110,570	3,495,444
Maori Grant Distributions	9	(50,000)	(145,700)
<b>Total Movements</b>		<b>5,060,570</b>	<b>3,349,744</b>
<b>Total Trust Equity</b>		<b>35,257,186</b>	<b>30,196,616</b>



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 2022

	NOTES	30 JUN 2022	30 JUN 2021
<b>Current Assets</b>			
<b>Cash and Bank</b>			
Westpac Business Trading Acct		197,335	282,182
Westpac Kaikohe Residential Acct 2		101	101
Westpac Manuka Training MPI		101	100
Westpac Moerewa Kawakawa Residential Acct 1		101	100
Westpac On Call Account		423,312	355,773
Westpac NZ Ltd		51,918	53,195
<b>Total Cash and Bank</b>		<b>672,868</b>	<b>691,453</b>
<b>Trade and Other Receivables</b>			
Accounts Receivable and Prepayments	11	328,343	37,799
<b>Total Trade and Other Receivables</b>		<b>328,343</b>	<b>37,799</b>
Accrued Income		341,516	222,604
GST Receivable		-	25,451
Income Tax Receivable	4	64,032	83,152
Inventories	12	163,685	163,685
<b>Total Current Assets</b>		<b>1,570,443</b>	<b>1,224,144</b>
<b>Current Liabilities</b>			
Trade and Other Payables	13	333,563	160,853
GST Payable		20,966	-
Employee Entitlements		10,275	12,096
Loans	7	230,000	1,372,637
Income in Advance	14	7,890	73,523
Provision for Protection of Flora and Fauna	8	83,116	192,876
DOC Funds For Nature Tagged Funding	27	221,453	-
MPI Tagged Funding	27	229,642	-
<b>Total Current Liabilities</b>		<b>1,136,906</b>	<b>1,811,985</b>
<b>Working Capital</b>		<b>433,537</b>	<b>(587,841)</b>

**BDO Northland  
ASSURANCE BDO**

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

	NOTES	30 JUN 2022	30 JUN 2021
<b>Non-Current Assets</b>			
<b>Investments</b>			
Shares	6	292,904	292,661
Shares in Maori Land	6	314,731	314,731
Investment in Related Entities	15	(10,367)	(7,199)
<b>Total Investments</b>		<b>597,267</b>	<b>600,193</b>
Property, Plant and Equipment		31,808,417	26,238,890
Native Forest Restoration		978,608	978,608
Capitalised Cost of Forest		1,088,645	925,733
Emmissions Trading- NZU's		6,929,072	7,437,424
Tenancy Bond		560	560
Asset Under Construction		11,890	-
Orchard Licence	28	378,018	-
Orchard Costs (Capital)	28	251,554	-
<b>Total Non-Current Assets</b>		<b>42,044,033</b>	<b>36,181,408</b>
<b>Total Non-Current Assets and Working Capital</b>		<b>42,477,569</b>	<b>35,593,567</b>
<b>Non-Current Liabilities</b>			
Loans	7	5,170,156	5,396,376
NHH Ltd		575	575
Seeka Accrual	28	2,049,652	-
<b>Total Non-Current Liabilities</b>		<b>7,220,383</b>	<b>5,396,951</b>
<b>Net Assets</b>		<b>35,257,186</b>	<b>30,196,616</b>
<b>Equity</b>			
Retained Earnings	9	27,658,686	22,598,116
Trust Corpus	9	7,598,500	7,598,500
<b>Total Equity</b>		<b>35,257,186</b>	<b>30,196,616</b>

BDO Northland  
ASSURANCE BDO

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 2022

### 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 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

#### 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.

### 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; after making allowances for damaged or obsolete stock.

### Property, Plant and Equipment

Property, plant and equipment is 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.





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

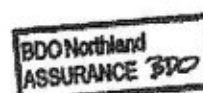
At initial recognition the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

#### 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.



### 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.

	2022	2021
<b>2. Tax Reconciliation</b>		
Net Profit (Loss) Before Tax	5,311,631	3,668,849
<b>Permanent Differences</b>		
Capital Gain on Sale of Fixed Assets	-	(332,505)
Emissions Trading Scheme - Revaluation NZU's	(2,967,649)	(1,977,037)
Emissions Trading Scheme - Gain on Sale of NZU's	(1,984,000)	-
Feasibility Expense	4,734	6,219
Holiday Pay Movement	(3,473)	(1,744)
Impairment of Investment	-	2,000
Imputation Credits to Gross up Dividend	134,740	116,691
Native Forest Restoration	-	(7,500)
Cost of Forest	(162,912)	-
Non Deductible Expenditure	170	4,364
Co-Funding Flora and Fauna	(62,619)	-
Non Taxable Dividends Received	-	(16,523)
Orchard Expenses - non deductible	1,537,443	-
Study/Training Grants	3,000	2,000
Tax Losses Utilised This Year	(666,805)	(488,618)
<b>Total Permanent Differences</b>	<b>(4,167,371)</b>	<b>(2,692,653)</b>
Taxable Profit (Loss)	1,144,260	976,196
Tax Expense @ 17.5%	201,061	173,405

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 2022 consists of a \$1,148,924 (2021 \$990,886) profit in Ngati Hine Forestry Trust and a \$(4,663) (2021 \$(14,695)) loss in Hineora Limited. Ngati Hine Forestry Trust has a tax expense of \$201,061 (2021 \$ 173,405) and Hineora has a tax expense of \$nil (2021 \$nil).

	2022	2021
<b>3. Tax Losses</b>		
Unused income tax losses available to carry forward (excess imputation credits)	886,720	778,916
<b>Total Tax Losses</b>	<b>886,720</b>	<b>778,916</b>

The tax losses carrying forward in 2022 consists of \$769,946 (2021 \$666,805) losses for Ngati Hine Forestry Trust and \$116,774 (2021 \$112,111) losses for Hineora.

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	2022	2021
<b>4. Income Tax</b>		
<b>Opening Balance</b>		
Opening Balance	(83,152)	(31,342)
<b>Total Opening Balance</b>	<b>(83,152)</b>	<b>(31,342)</b>
<b>Increases</b>		
Provision for Taxation	201,061	173,405
Refunds	83,152	-
<b>Total Increases</b>	<b>284,213</b>	<b>173,405</b>
<b>Decreases</b>		
Income Tax - Dividend Withholding Credits	59,965	51,803
Income Tax- Imputation Credits Received	335,802	290,096
Income Tax - RWT Paid	4,070	7
<b>Total Decreases</b>	<b>399,837</b>	<b>341,906</b>
<b>Less Excess Imputation Credits Transferred to Loss</b>		
Less in Excess Imputation Credits Transferred to Loss	(134,744)	(116,691)
<b>Income Tax (Receivable)</b>	<b>(64,032)</b>	<b>(83,152)</b>

#### 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:

<b>Financial Assets 2022</b>	<b>Amortised Cost</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	672,868	-	-	672,868
Shares in Companies	-	292,904	-	292,904
Emmissions Trading NZU's	-	-	6,929,072	6,929,072
<b>Total Financial Assets</b>	<b>672,868</b>	<b>292,904</b>	<b>6,929,072</b>	<b>7,894,844</b>
<b>Financial Liabilities 2022</b>				
Loans	(5,400,156)	-	-	(5,400,156)
<b>Total Financial Liabilities</b>	<b>(4,727,288)</b>	<b>-</b>	<b>-</b>	<b>2,494,688</b>

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

2022

2021

## 6. Term Investments

<b>Shares in Companies - at Cost</b>		
Ballance - 30 shares	243	-
NHH Ltd -100 shares	100	100
Zespri - 490,620 shares	292,037	292,037
Kerikeri Irrigation - 1,840 shares (2020: 1,316)	524	524
<b>Total Shares in Companies - at Cost</b>	<b>292,904</b>	<b>292,661</b>
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	-	-
<b>Shares in Maori Land</b>		
Shares in Maori Land	314,731	314,731
<b>Total Shares in Maori Land</b>	<b>314,731</b>	<b>314,731</b>
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.	-	-
<b>Total Term Investments</b>	<b>607,634</b>	<b>607,391</b>

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2022 2021

**7. Term Loans - Secured****Term Loans****Westpac NZ Ltd - 91**

Term Portion	1,293,248	1,352,101
Current Portion	60,000	60,000
<b>Total Westpac NZ Ltd- 91</b>	<b>1,353,248</b>	<b>1,412,101</b>

**Westpac NZ Ltd - 92**

Term Portion	615,107	675,070
Current Portion	60,000	60,000
<b>Total Westpac NZ Ltd - 92</b>	<b>675,107</b>	<b>735,070</b>

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 (2021: \$50,000) and the security arrangement mirror those of the loans above.

**Westpac NZ Ltd - 93**

Term Portion	3,261,802	3,369,205
Current Portion	110,000	-
<b>Total Westpac NZ Ltd - 93</b>	<b>3,371,802</b>	<b>3,369,205</b>

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
<b>Total Westpac NZ Ltd - 01</b>	<b>-</b>	<b>1,252,637</b>

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

<b>Total Term Loans</b>	<b>5,400,156</b>	<b>6,769,013</b>
<b>Total Term Liabilities</b>	<b>5,400,156</b>	<b>6,769,013</b>

**Current Portion of Term Liabilities**

Current Portion of Term Liabilities	230,000	1,372,637
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**Non- Current Liabilities**

Non- Current Liabilities	5,170,156	5,396,376
<b>Total Term Liabilities</b>	<b>5,400,156</b>	<b>6,769,013</b>

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	2022	2021
<b>8. Provisions</b>		
<b>Protection of Flora &amp; Fauna</b>		
Opening Balance including Term and Current Portions	(192,876)	(192,876)
Nga Whenua Rahui Fencing Project	109,759	-
<b>Total Provisions including Term and Current Portions</b>	<b>(83,117)</b>	<b>(192,876)</b>

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.

The Trust has entered into a Pest Control project with Doc Funds for Nature, as part of the Trust's contribution to this project two vehicles, a trailer and some chainsaws have been purchased in the 2022 financial year. The balance of \$83,116 will be applied in the 2023 financial year.

	2022	2021
<b>9. Group Equity</b>		
Opening Balance	30,196,616	26,846,873
Net Income/(Loss)	5,110,570	3,495,444
Marae Grant Distribution	(50,000)	(145,700)
<b>Total Group Equity</b>	<b>35,257,186</b>	<b>30,196,616</b>

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:

Miria Marae \$50,000. (2021: \$nil)  
 Otiria Marae \$nil. (2021: \$5,000)  
 Mohinui Marae nil. (2021: \$49,450)  
 Te Rito Marae \$nil. (2021: \$50,000)  
 Tau Henare Marae \$nil. (2021: \$41,250)

(2021: 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)
Land and Building Moerewa	(55,764)
<b>Historic Revaluations included within Accumulations</b>	<b>6,349,988</b>
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
<b>Total Cost of Forestry Block Land &amp; Improvements</b>	<b>1,270,748</b>

Owners initial contribution was the value of the Ngati Hine Block at the inception of the Ngati Hine Forestry Trust.

#### Accumulations Available for Distribution

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.

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".

In terms of the Trust Deed then, Corpus and Accumulations are:

<b>Group Capital</b>		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
<b>Trust Deed Corpus</b>		<b>7,598,500</b>
<b>Accumulations</b>		
Total Equity	35,257,186	\$ 27,658,686
LESS: Trust Corpus	7,598,500	
<b>Balance of Accumulations available for distribution</b>		
<b>Total Group Capital</b>		<b>35,257,186</b>

2022 2021

#### 10. AGM/SGM Expenses

Catering	-	6,650
Printing & Stationery	-	9,602
Advertising	1,633	1,465
Transport	-	365
<b>Total AGM/SGM Expenses</b>	<b>1,633</b>	<b>18,082</b>

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	2022	2021
<b>11. Accounts Receivable and Prepayments</b>		
Accounts Receivable	312,496	769
Prepaid Expenditure	15,848	37,030
<b>Total Accounts Receivable and Prepayments</b>	<b>328,344</b>	<b>37,799</b>

	2022	2021
<b>12. Inventories</b>		
Closing Stock	163,685	491,054
Stock Impairment Allowance	-	(327,369)
<b>Total Inventories</b>	<b>163,685</b>	<b>163,685</b>

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 included a stock impairment for 2021 of \$327,369. As at 30 June 2022, the Trustees have an indicative value of \$200,000 and on that basis no further impairment adjustment was required.

	2022	2021
<b>13. Accounts Payable</b>		
Accounts Payable	(315,360)	(153,456)
PAYE Payable	(18,203)	(7,397)
<b>Total Accounts Payable</b>	<b>(333,563)</b>	<b>(160,853)</b>

	2022	2021
<b>14. Income Received in Advance</b>		
Forestry Rental		
Income in Advance	(7,890)	(73,523)
<b>Total Forestry Rental</b>	<b>(7,890)</b>	<b>(73,523)</b>
<b>Total Income Received in Advance</b>	<b>7,890</b>	<b>73,523</b>

	2022	2021
<b>15. Investment in Related Entities</b>		
KFI Joint Venture		
Opening Balance	(7,199)	(4,158)
Share of Earnings/ (Loss)	(3,168)	(3,041)
<b>Total</b>	<b>(10,367)</b>	<b>(7,199)</b>

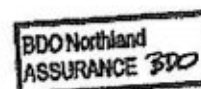
Ngati Hine Forestry Trust is a 50 percent partner in a joint venture operation which has the Harvesting and Marketing contract for the Matawaia Forest.

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	2022	2021
<b>16. Orchard Properties - Kerikeri</b>		
Te Tara Kowhai - Land	317,383	317,383
Te Tara Kowhai - Vines & Structures	933,635	933,635
Te Tara Kowhai - Zespri Licence	2,692,000	2,692,000
Paparata - Land	289,733	289,733
Paparata - Vines & Structures	1,254,418	1,210,715
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	3,476,609	3,394,054
Ahikiwi - Vines	7,235	7,235
Ahikiwi - G3 Licence	1,155,587	1,155,587
<b>Total Orchard Properties - Kerikeri</b>	<b>19,661,715</b>	<b>19,535,457</b>

Ngāti 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 was completed in 2021.



	2022	2021
<b>17. Farm Properties - Maromaku</b>		
Matawaia Maromaku Road - Land	3,184,350	-
Matawaia Maromaku Road - Buildings	30,127	-
Taikirau Road - Land	2,001,676	-
Taikirau Road - Buildings	248,376	-
<b>Total Farm Properties - Maromaku</b>	<b>5,464,529</b>	<b>-</b>

Ngati Hine Forestry Trust purchased two farm properties in Maromaku on 1 June 2022. The cost price at balance date is above. 108ha of these farms will be converted from dairy farming to carbon farming.

### 18. Trustees Payments

Trustees Payments 2022	Fees \$	Travel \$	Total \$
E Beattie	7,600	1,504	9,104
P Tipene	12,500	5,601	18,101
L Bristowe	9,700	1,544	11,244
P Cherrington	4,800	350	5,149
W Horotene	7,200	1,010	8,210
E Morton	30,100	6,530	36,630
J Baker	7,200	2,350	9,550
<b>Total Trustees Payments</b>	<b>79,100</b>	<b>18,889</b>	<b>97,989</b>

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 Horotene	6,000	903	6,903
E Morton	28,000	14,032	42,032
J Baker	13,200	4,567	17,767
<b>Total Trustees Payments</b>	<b>110,000</b>	<b>31,548</b>	<b>141,548</b>

### 19. Subsidiary Entities

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.

Ngati Hine Forestry Charitable Trust is also currently dormant and is not registered with DIA Charities. The Trust has a bank account with funds of \$2,051 which is excluded from these financial statements on the basis of materiality.

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## 20. 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, 2018 and 2022 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 (2021: 3,576). 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.

## 21. 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. In December 2021 the Trust sold 80,000 NZU's and the balance of 88,868 is 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 \$76.00 as at 30 June 2022 (2021: \$43.45).

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.

	2022	2021
<b>22. Marae Grants Paid</b>		
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
Miria Marae	50,000	-
<b>Total Marae Grants Paid</b>	<b>50,000</b>	<b>145,700</b>
	2022	2021

Ngati Hine Forestry Trust has committed to the following:

Otiria Marae	33,939	33,939
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2022

2021

### 23. Related Parties

The Trustees of NHFT are trustees of Ngati Hine Forestry Charitable Trust and shareholders of NHH Limited (Ngati Hine Housing Limited). 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 (2021: Nil). No administration fees were received from NHH Limited (2021: 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 Limited has ceased trading was removed from the Companies Register held by the Companies Office on 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.

JB Business Power, Jim Baker Trustee, Consultancy work \$1,890. (2021: nil)

### 24. Capital Commitments

At balance date the Trust has no capital commitments other than those disclosed in Note 21.

### 25. Contingent Liabilities

The Trust has an open dispute with Nga Tirairaka o Ngati Hine in respect to unpaid monies - refer note 27. Other than this there are no contingent liabilities.

### 26. Events Occurring After Balance Date

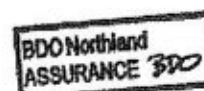
There are no events occurring subsequent to year end. (2021: A Marae grant of \$50,000 was approved by the Board to Miria Marae. The Agriline borrowing facility was renewed in November 2021 for a further 13 months. A fire in the forest situated by Pipiwai Road on 28 January 2021 destroyed 92.90 hectares of standing timber. An interim insurance payment of \$115,556 was received 8 February 2022. Forestry Assets are recorded at cost and no impairment adjustment is required.)

### 27. Deferred Revenue

Ngati Hine Forestry Trust has entered into a funding agreement with MPI He Ring Ahuwhenua, He Hanga Mahi to transition from an exotic forest system to an indigenous forest system over a period of 4 years. 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.

Ngati Hine Forestry Trust has entered into a funding agreement with Department of Conservation (DOC) to provide Jobs for Nature whilst restoring the mauri and mana o Te Taiao over a 3 year project. DOC 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. There is currently an invoice issued 16 March 2022 from Nga Tirairaka o Ngati Hine of \$100,000 relating to revenue expenditure which is under dispute. Once resolved this expenditure will be offset by the Funding Grant that has been shown as tagged funding in these statements.

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



## 28. Orchard Transactions

Orchard transactions of both a capital and revenue nature have taken place and these have been quantified in these financial statements for the 2022 financial year. The 2022 transactions can be summarised as follows:

	2022	2021
<b>Orchard Transactions</b>		
Orchard License (Non Current Asset)	378,018	-
Orchard Capital Expenditure (Non Current Asset)	251,554	-
Orchard Costs deductible (Expense)	47,516	-
Orchard Costs non deductible (Expense)	1,537,443	-
Profit Share Te Ara Kopeka (Income)	(164,879)	-
Balance Accrued - Future Years	2,049,652	-

The Trust is yet to receive specific details for the Paparata profit share and therefore no revenue is recorded for that orchard in 2022. (2021: 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)

## 29. Going Concern

There are no events at balance date affecting going concern. (2021: 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.)



## Depreciation Schedule

### Ngati Hine Forestry Trust Group For the year ended 30 June 2022

ASSET TYPE	COST	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Forests (Amortised)	20,668	15,992	-	-	800	5,475	15,193
Furniture & Fittings	41,616	22,510	-	-	315	19,422	22,194
Honey	212,126	95,424	-	95,308	47	1,274	70
Land & Buildings	13,087,494	7,640,778	5,421,603	-	1,257	26,370	13,061,124
Land Development (Amortised)	42,926	-	42,926	-	2,424	2,424	40,502
Motor Vehicles	248,081	37,958	199,829	-	16,872	27,166	220,914
Orchard Development Expenditure (Amortised)	2,847,374	1,587,693	126,258	-	148,302	1,281,724	1,565,650
Orchard Stock (Amortised)	242,078	234,985	-	-	17,624	24,717	217,362
Orchards Land & Buildings	16,572,263	16,572,263	-	-	-	-	16,572,263
Plant & Equipment	163,913	31,287	81,525	6,822	12,844	48,027	93,145
<b>Total</b>	<b>33,478,539</b>	<b>26,238,890</b>	<b>5,872,141</b>	<b>102,130</b>	<b>200,484</b>	<b>1,436,599</b>	<b>31,808,417</b>

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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 Kaikohe	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
<b>Total</b>	<b>30,259,155</b>	<b>22,896,355</b>	<b>5,736,368</b>	<b>2,273,104</b>	<b>120,729</b>	<b>1,367,508</b>	<b>26,238,890</b>

BDO Northland  
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Tel: +64 9 430 0471  
northland@bdo.co.nz  
www.bdo.co.nz

BDO NORTHLAND  
Level 3, BDO Business Centre  
15 Porowini Avenue  
P O Box 448  
Whangarei 0140  
NEW ZEALAND

## 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 balance sheet as at 30 June 2022, and the statements of financial performance and statement of changes in equity 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 2022 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





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 the 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*

BDO Northland  
Whangarei  
New Zealand  
11 November 2022





## **Ngāti Hine Forestry Trust**

### **Trustees' Recommendations to be Considered by the Beneficial Owners at the 2022 Annual General Meeting:-**

#### **The Trustees recommend that the Beneficial Owners:**

1. Receive the 2022 Annual Report
2. Receive the 2021/2022 Financial Statements
3. Approve the appointment of BDO Northland as the auditors for 2022/2023 financial year
4. Ratifies and approves that the Trust holds nominations and elections for three (3) trustees (those that are longest serving) at this AGM
5. Note that elections for the remaining four (4) trustees will be held in 2023 & 2024 (2 trustees in each year)
6. Approve that the Trust issues a direction under section 220A of Te Ture Whenua Māori Act to register the titles comprising the Taikirau farm in the name of Ngāti Hine Forestry Trust
7. Approve that the Trust apply to the Māori Land Court to vary the Trust as follows:

**a) To remove clause 4.8.2 from the Trust Order**

**b) To remove clause 7.9(b) and replace it with the following:**

The Trust not exceeding a debt to net worth ratio of 30%.

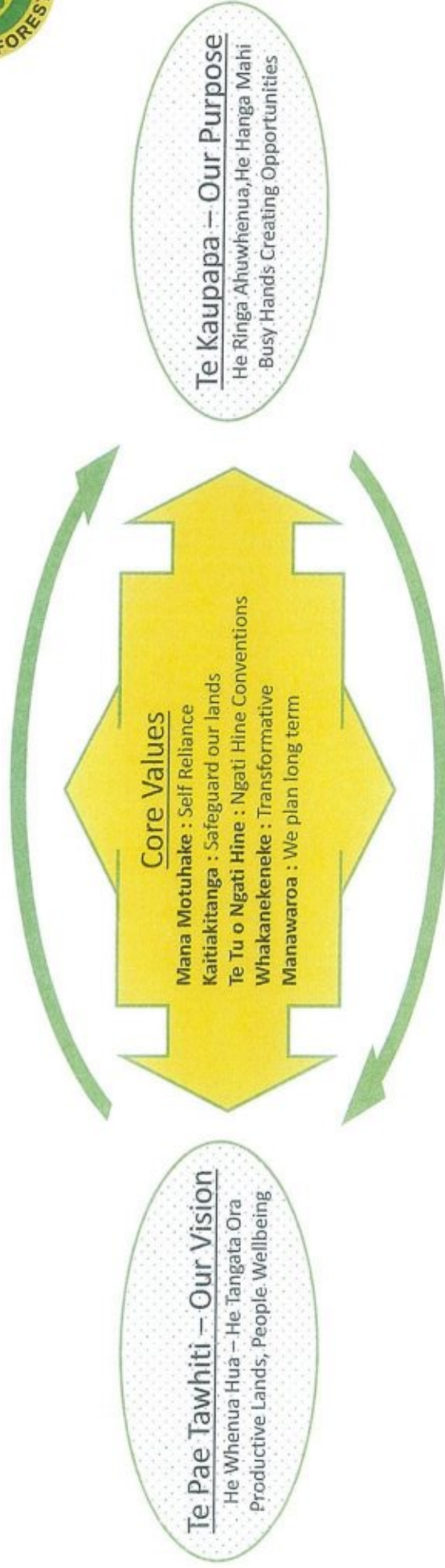
**c) To remove clause 4.8.7 and replace it with the following:**

(1) 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 by poll vote determined by the Beneficial Owners or their proxies voting in accordance with their shares, or the shares represented by them; **OR**

(2) Before the election process commences, Beneficial Owners representing at least 20% of all Beneficial Owners present at the meeting can request that votes shall be counted by Individual Beneficial Owners present at the meeting or represented by proxy with each Beneficial Owner having one (1) vote.

(3) Voting will be by show of hands.

# Ngati Hine Forestry Trust Strategic Intent 2021 - 2040



## Whainga 1: Ngahere

1. Strengthen the evolving mosaic
2. Integrated management through the JV
3. Grow parallel cashflow enterprises
4. Foster Value Added Processing
5. Develop Forest Services/Activities
6. Grow Viable Manuka Business
7. Build relevant infrastructure
8. Expand our products
9. Bring Products to Market (branding, collectives)
10. Carbon / ETS

## Whainga 2 : Hua Whenua

1. Extend horticulture business
2. Diversify
3. Explore options for H2B Block
4. Investigate Marketing Options

## Whainga 3: Supplementary

1. Broaden Community Engagement
2. Strengthen our Capital Foundation
3. Improve Commercial Acumen & Responsiveness
4. Advance Nutraceuticals Business

## Whainga 4: Sound Governance

1. Stronger Connections with Owners & Stakeholders
2. Well Defined Strategies
3. Clear Policies & Procedures
4. Robust, Disciplined Governance
5. Fit for Purpose:
  - Organisational Structure
  - Operational capability & Infrastructure



### 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 - 2022	Len Bristowe	Current Trustee
2013 - 2022	Pita Cherrington	Current Trustee and Deputy Chairman
2016 - 2022	Waihoroi Hoterene	Current Trustee
2016 - 2022	Ernest Morton	Current Trustee
2018 - 2022	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 injuncted. 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 HNZN 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 HNZN 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 HNZN with regard establishment of a social housing portfolio.
- 2005 Review of Forest Rent increases rent to \$400,400 pa. Purchased Zespri shares. HNZN 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 HNZN funding. Social Housing Coordinator appointed to deliver social housing services funded jointly by HNZN 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 HNZN 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 HNZN 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 10<sup>th</sup> 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 HNZN 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 HNZC for fifteen years. The HNZC Rural Housing Programme which the Trust had been involved with for some eight years was terminated by the Government on the 31<sup>st</sup> 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 1<sup>st</sup> April 2011, and as at the 30<sup>th</sup> 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 4<sup>th</sup> 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 19<sup>th</sup> 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 22<sup>nd</sup> 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 22<sup>nd</sup> 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 18<sup>th</sup> December 2013.

Negotiations with TPL 4 and HNZN 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 Ngāti 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 Ngāti 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.

2022

Te Pae Tata – A farm at 42 Taikirau Road, Maromaku, – 478.8336 hectares, was purchased on the 1<sup>st</sup> of June 2022. This whenua returning to Ngāti Hine is a landmark acquisition for the Trust. The whenua will be cared for as an “environmental showcase” and will serve as the Trust’s innovation hub for the start-up of new businesses, creation of jobs and progression of environmental initiatives consistent with “He Kuirā”

The farm has a dairy platform milking approx.170 cows and the Trust has established approx. 113 hectares of pine plantation as part of a “carbon farming” strategy.

Project underway to protect waterways on the farm. Listed as top 18 significant waterways in Aotearoa

Community planting day took place in September at Pukenehunehu as part of He Ringa Ahuwhenua, He Hanga Mahi project

Native Species Nursery project underway on the farm

Management team was expanded with the employment of Prinni Livingstone, Sean Leybourn and Jack Vallings

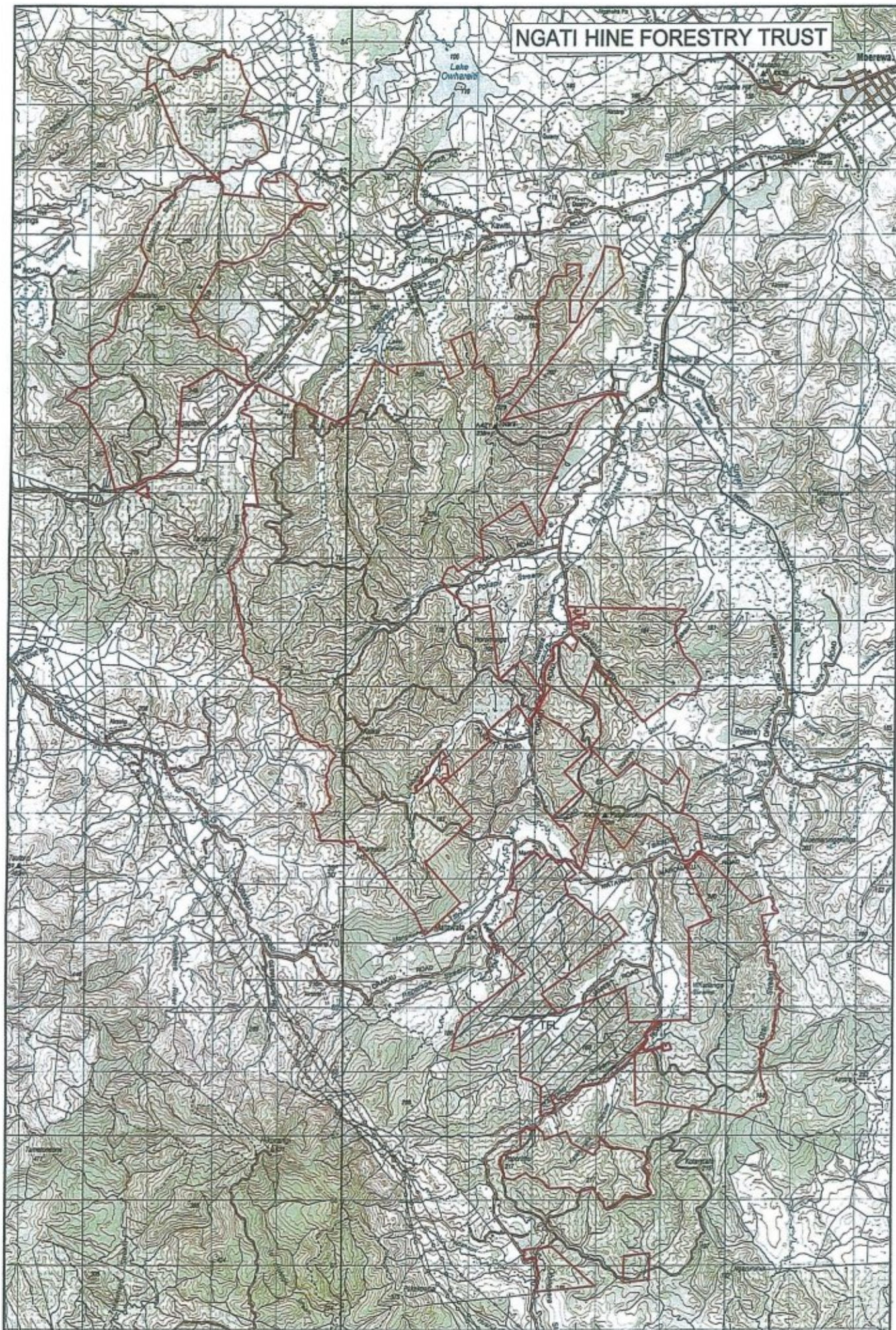
Josh Whitehira was employed to start and grow our “Whenua Team”

Project to investigate options around future dividend financing was initiated

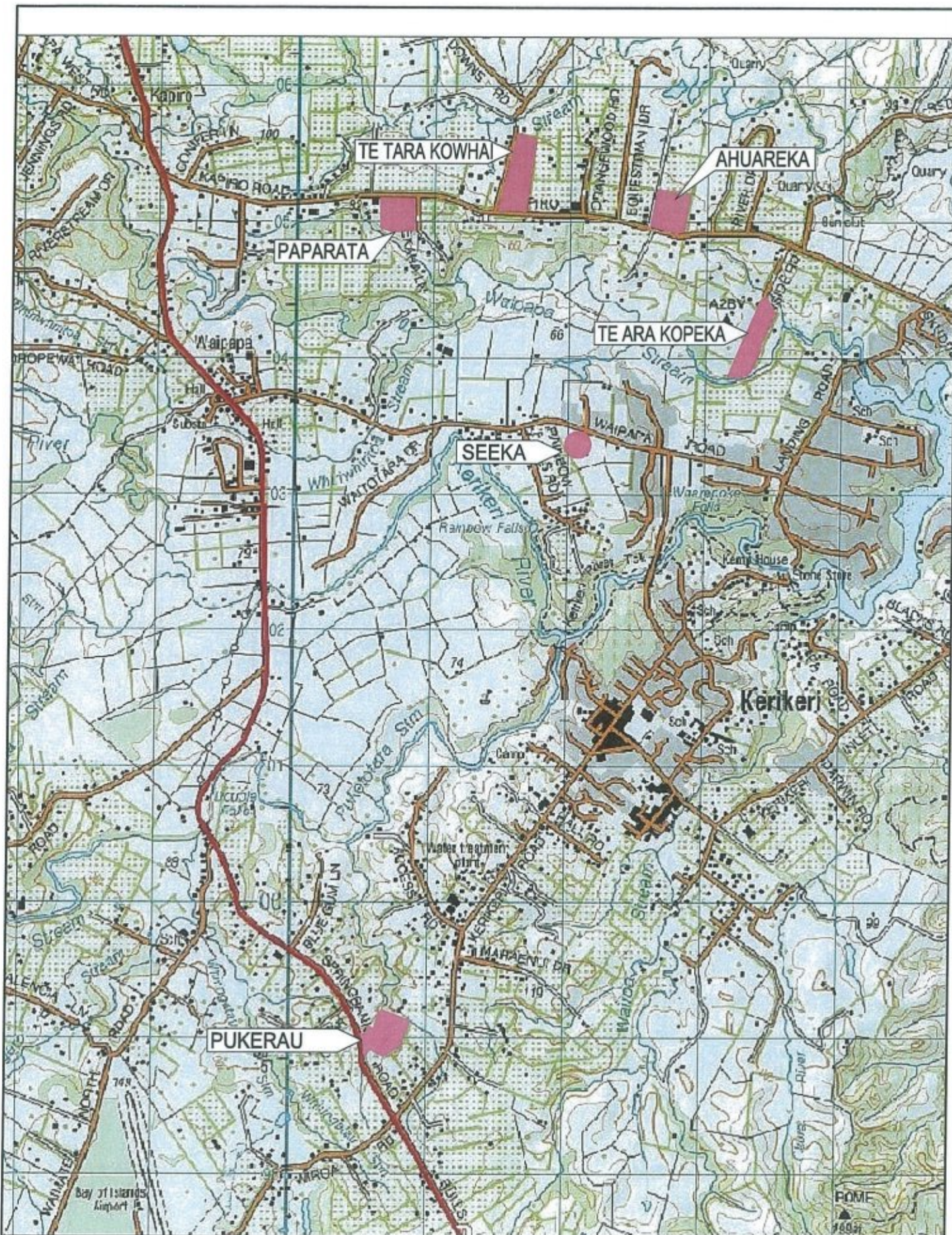
A hive placement agreement was entered into with Manuka Health to place hives on Ngāti Hine land for the 2022 manuka season.



## NGATI HINE FORESTRY TRUST











# Te Pae ki Tawhiti 42 Taikirau Road 478.8336 hectares

Prepared for

Ngati Hine Forestry Trust

SHEET

1

DRAWN IDG

DATE 18-1-2022

SCALE  
1:14000 (A3)

SERIES OF 1 of 1  
REF 9553





## Ngāti Hine Forestry Trust

### Contact Details

#### Whangarei Office:

##### Postal address:

P O Box 108  
Whangarei 0140

##### Physical address:

6 Vinery Lane  
Whangarei

Phone 09 459 6425  
Mobile 027 459 6425  
E mail [ngatihft@xtra.co.nz](mailto:ngatihft@xtra.co.nz)

#### Trustees:

Pita Tipene <i>Chairman</i>	<a href="mailto:pita@nhht.co.nz">pita@nhht.co.nz</a>	021 404 047
Pita Cherrington <i>Deputy Chairman</i>	<a href="mailto:pitabet18@gmail.com">pitabet18@gmail.com</a>	0274 387 054
Len Bristowe	<a href="mailto:ngabush@live.com">ngabush@live.com</a>	021 633 473
Waihoroi Shortland	<a href="mailto:waihoroi@xtra.co.nz">waihoroi@xtra.co.nz</a>	027 664 2006
Ernest Morton	<a href="mailto:ernest.morton@xtra.co.nz">ernest.morton@xtra.co.nz</a>	027 492 0218
Jim Baker	<a href="mailto:jbbusinesspower@gmail.com">jbbusinesspower@gmail.com</a>	021 275 4007
Edward Beattie	<a href="mailto:Ebeattie141@gmail.com">Ebeattie141@gmail.com</a>	021 270 2345

**Accountant:** Sumpter Baughen , Chartered Accountants Ltd  
**Auditor:** BDO Northland, Chartered Accountants and Auditors  
**Bank:** Westpac NZ Ltd, Whangarei  
**Legal Advisor:** Thomson Wilson Law, Barristers and Solicitors  
**Web page:** [www.ngatihine.maori.nz](http://www.ngatihine.maori.nz)