

Te Orewai Te Horo Trust

Sep 2021 AGM



*Tupua Rakau,
Tupua Rangatira*



CONTENTS

Chair’s Report	5
Current Trustees	7
Te Pae Tawhiti	8
Current Contracts	12
Audited Accounts	13
Rates	14

1. CHAIR'S REPORT



It is my pleasure to present this report for our first Te Orewai Te Horo Trust AGM. We called our first AGM last year, just before COVID derailed everyone's plans, so deferred till now, to be able to return, with current audited accounts, rather than year old financial information for you. COVID has been a significant disruptor to last years and this year's AGM.

While we are reduced from the number of Trustees we started with in 2017, nevertheless, our commitment and passion to work for our shareholders has not diminished. I acknowledge all the Trustees over the past 4 years, for their support and mahi for our shareholders, especially Vaz, who passed while an active Trustee, moe mai rā Vaz.

We are proud to have raised income, to enable investment in future aspirations of our shareholders and hapu, including the Tai Ao kaitiakitanga led by the Trust, to restore our awa, protect the ngāhere and look for opportunities for sustainable productivity on the whenua, and support our Marae. We started with \$-4.00 in the bank in June 2017.

We obtained a Land Use Report in 2018 to guide work to deliver the strategic business focus areas confirmed by shareholders at 2018 Landowner meeting, to create sustainable jobs and build revenue producing businesses, to build resilience for our shareholders, whānau and hapū, through productive use of our whenua. That has been followed by a recent Whenua Plan, developed with TPK Consultants and the Trust. A copy is available today for shareholders. We expect to start cropping leases this spring, for passive income (we don't have to pay anything to get \$), to improve fencing on the leased whenua and other areas.

The past 2 years signal the Trust's expansion from governance to delivery of operational mahi. When we are able to secure funding, and have enough to cover the Trust's current contribution to create sound business cases, we will eventually move to separate operations from governance. Currently both are being delivered by Trustees, with myself being paid for the last 18 months, as part time, Operations Manager, to find funding to continue the mahi and manage the Contract deliverables for the Trust. The value of current Contracts is just near \$2 million, to deliver a variety of environmental, cultural, social and economic outputs and outcomes.

These Contracts enable the Trust to employ local whanau to "learn while they earn", upskill and train to get qualifications for future employment. The Trust has employed 12x full time crew, since 2020, as well as 3x part time workers in admin support and Ops Management. We currently have 6x FT and 3x PT on the payroll and expect to increase that in the next 2 months with a new wilding pine contract that spans 2 years of seasonal mahi.

Our plan is to invest any surplus we have, into revenue building business that will fund future investment in things like our Tūpua Native Nursery plants to supply local environmental programmes, horticultural plant based food production – eg. hothouse grown vegetables to domestic market, growing revenue from businesses on the whenua, so the Trust is less reliant on government funding.

This is a time of opportunity and change for the Trust and shareholders. Over the years whanau have said "I would live at "home" if I had a job and a whare" So we are working to make that possible, starting with developing a Papakainga strategy and Plan to clarify the pathway for shareholders and beneficiaries, wishing to do so, but there does need to be a plan and process then ensures shareholders have fair say in any partition or LTO's. The current Trust Deed is silent on partitions and LTO's. A review of the old Trust Deed has also been identified by BDO in their governance assessment.

I believe this report provides a sound foundation for confidence in the Trustee's work to date and the plan going forward. In these days of increasing uncertainty, having a plan that is delivering a range of outcomes that benefit those living at the kainga, the whenua and the wider interests of shareholders and beneficiaries in open and responsive ways is an achievement in itself.

No reira, te whanau, e mihi tonu kia koutou katoa

Delaraine Armstrong

Chairperson

2. CURRENT TRUSTEES



Delaraine Armstrong, Chairperson

Elaine Heremaia, Treasurer

Marino Murphy, Secretary

Betty Cherrington, Trustee, assists Treasurer

Mita Bristowe, Associate Trustee

While we started as 9 new Trustees together in Jun 2017, since then 4 Trustees have resigned, for their own reasons. We thank them for their service.

We work well together as Trustees. We currently have a quorum of 4 Trustees, with Mita Bristowe becoming 5, joining us recently, to assist in advice, but without voting rights, as he has not been confirmed by shareholders at an AGM or Special Meeting. We hope to do that at this AGM.

Succession planning must be part of any generational kaupapa. Transitioning from tuakana to teina management of the Trust's management of the whenua is something the Trustees see as important and invite interest from our younger leaders wanting to learn and develop their own place in the future.

Passion and necessary skills and experience include, a good mix of governance and business experience, mixed with a commitment to attend Trust meetings each month and working hard for our shareholders. Teina wanting to work along side the Trustees is a good way to gain understanding and experience for future Trustees. I believe we have established a strong foundation for sound governance, which is confirmed by our auditors, BDO Spicers. Our focus has been on transparency, service and visioning for the future to build a stable and sustainable future for our shareholders, beneficiaries and communities of Pipiwai and Kaikou.

It is also timely to review the current Trust Deed as it doesn't cover things like Licences to Occupy, Partitions, etc

3. TE PAE TAWHITI



The Trust has 5 strategic whainga identified at hapu hui in 2018. All have a range of outcomes that include cultural, health and wellbeing, economic and social outcomes across them all. They are:

1. Horticulture

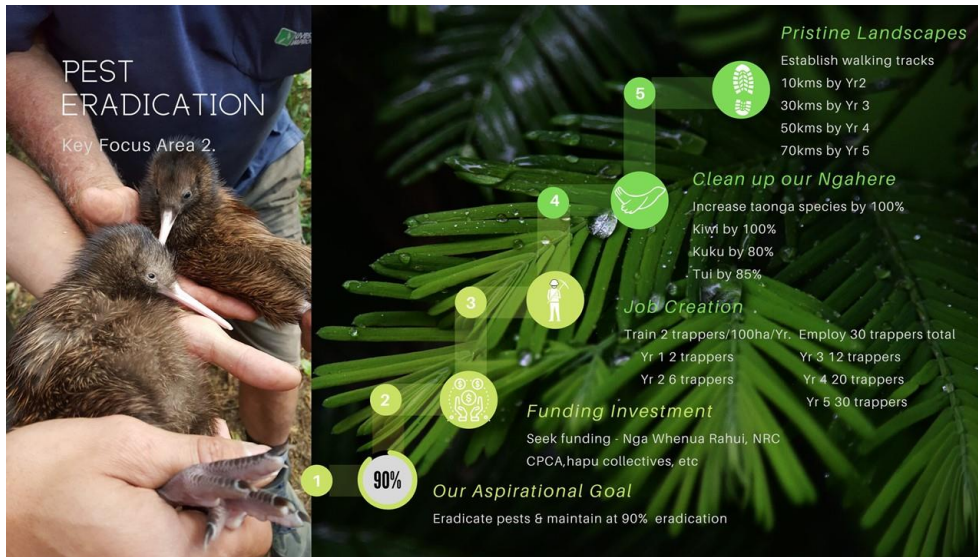


The Trust is part of a horticulture collective of diverse maori businesses, from Tai Tokerau, including other whenua maori Trusts, Iwi and hapu businesses, etc. They include Ngati Hine Forestry Trust, Pokapu Trust, etc Te Orewai has been identified as a pilot site for water storage plans. We identified water security for whanau first, then business on the whenua, that will be sustainable and not threaten ground water capacity in the valley. Clean water will be critical for whanau, as we know from the past 2 summer droughts. Horticulture plans to grow and supply plant based food products on our whenua, require lots of water. Our native nursery will also require lots of water, to grow and supply almost 1 million riparian plants to the upper Wairua catchment we live in, over 10 yrs, under the Kaipara Moana Remediation programme.

2. Pest Eradication

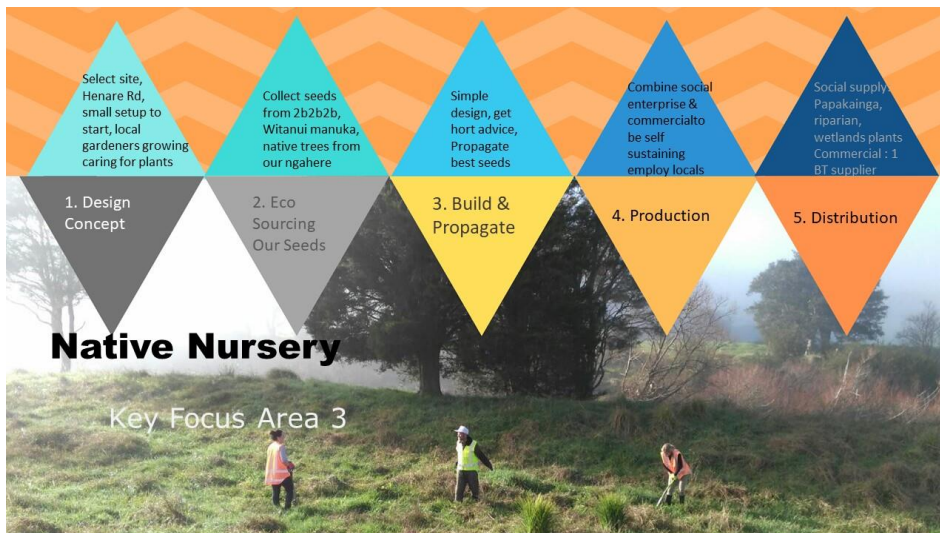
We are very fortunate to have the large, unique ngāhere block that we do. The Trust sees responsibility to protect, preserve and enhance the ngāhere another generational responsibility to nga uri whakatupu. This has been a difficult area to get good traction with. Surrounded by recently harvested large pine forests has driven many pests into our ngāhere. WEW see the impact of these tests throughout the ngāhere. While we have established a

100ha trapline that targets possums, stoats, ferrets, mustelids, rates, hedgehogs etc it has been hard to get a local trapper to do the mahi consistently, so we can expand the trapline.



The Trust is applying for Whenua Rahui funding, to fence the entire 3000 acres of ngāhere, remove all feral stock and put an eradication plan in place to make the ngāhere a safer, better place for our native flora (trees, plants etc) and fauna (birds, animals, reptiles, insects, etc) to thrive in a healthy ecosystem that will preserve our ngāhere in a more pristine state, as it was at least 1-2 generations ago. This will also bring more training and jobs to local whanau who want a job and are prepared to work hard for it. The Trust has also recently got a Wilding Pine contract to employ a small gang to eradicate wilding pine that threaten our native ngāhere.

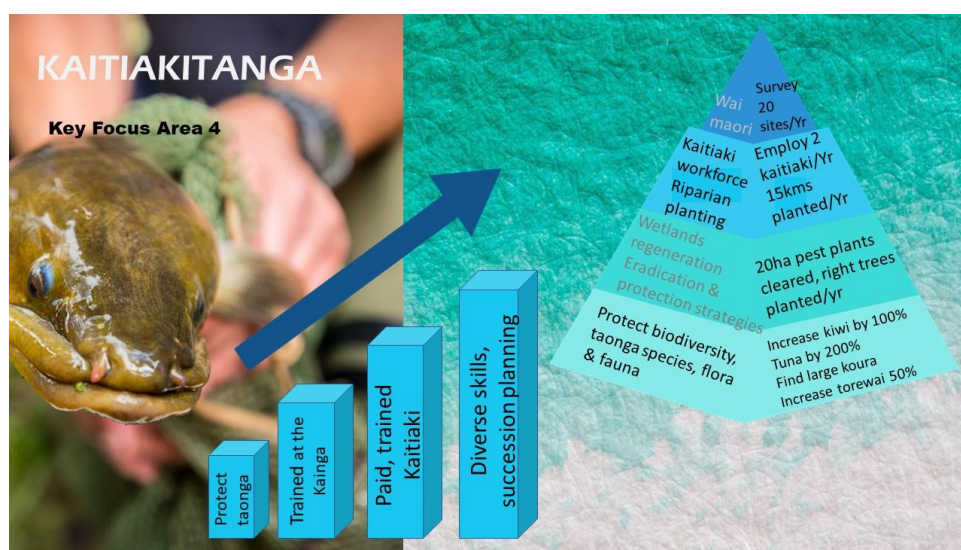
3. Native Nursery



The Trust's plans for our Tūpua Native Nursery on Henare Rd, is the back bone to our business plan to raise revenue, train and employ more whanau, increase household incomes and reconnect whanau to the whenua. We hope to build the nursery over time to supply 100-200,000 riparian and other native plants in Yr 1, 300 - 500,000 in Yr 2 and 600 - 800,000 plants

in Yr 3, that will be sold to supply environmental disruption to the degraded upper Wairua catchment, which we are a part of. Our mantra is Tūpua Rakau, Tūpua Rangatira. The crews will eco source seed from our ngāhere and propagate and grow them at the Nursery, which will be sold to surrounding planting sites. We believe there is also opportunity to employ planting gangs through the planting season to bring more jobs to our own and surrounding hapu and communities.

4. Kaitiakitanga



For several years now the Trust has been carrying out kaitiaki mahi in our awa and on the whenua. We have been doing regular monthly monitoring at 8 sites across the Block, including Parawhau past Huanui wahi tapu, up both Lovatt’s Rd at Te Hoanga, on Omauri Rd at Rokohanganui, at Mangataeore near Epeha, at Omanene beside Cherry Rd and at Taitete off Moore’s Rd.

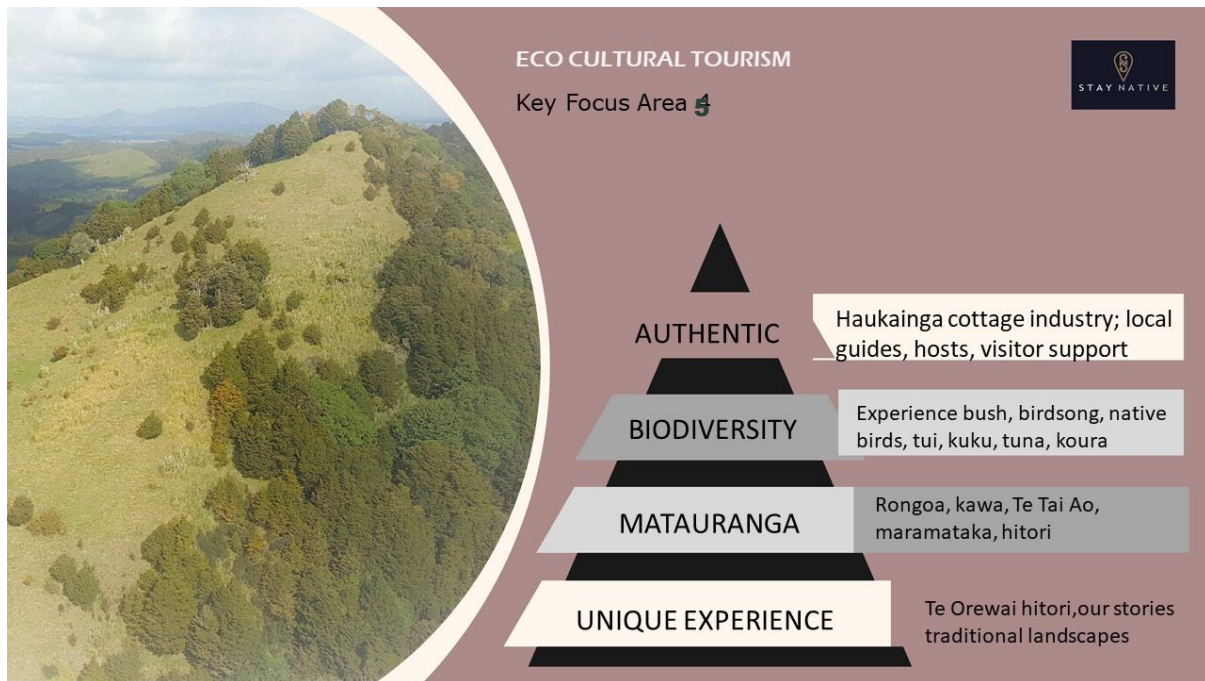
We also use mātauranga indicators developed with local hapu, to assess mahinga kai attributes in our awa, as another measure of the mauri of our wai. Each year we carry out annual surveys of each site, catching, measuring, identifying and counting tuna, by species and other taonga species, including kawai, torewai and invertebrate sampling to understand the health of our awa. Whanau have always been a key part of these summer surveys, as we reconnect with our awa and understand more about its health and wellbeing – te mauri o te wai. We are working with many others to restore our degraded awa in our catchment. We are fortunate to have significant landscapes in our rohe. We protect the sovereign rights of that estate very strongly for our shareholders and beneficiaries, with all comers. But many taonga species are threatened. To ensure mokopuna in the future have these taonga species, we have to make serious changes right now and need everyone to get on board with those changes.

5. Eco Cultural Tourism

This is a future focus area. We hope to use the tracks and trails put in place throughout the ngāhere for pest control, to become shared eco cultural tourism tracks and trails for paying visitors to come, see our unique physical landscapes, have local guides share our historical

stories of places and people, like Hineamaru’s story of settlement and many other tales. We want to encourage and support whanau entrepreneurs to offer those services, local produce and products to those visitors to build our own local economy. The Trust has already started clearing the paper road from Manu Korihi through to nearer Moore’s Rd, to have tracks and trails built off that main artery track. We are thinking of building some earth or other huts along the track for overnight stays for paying visitors. We have a number of clever local entrepreneurs and hope to encourage them and others, to set up and run horse treks, guiding, providing kai packs for visitors, merchandise, etc. Rare’s lemon honey, Lizzie’s printed merchandise, rongoa products, Mate’s kete, etc are examples, but could all be great ideas. Something to think about whanau.

5



4. CURRENT CONTRACTS



The Trust holds current Contracts worth about \$2 million, in various stages of delivery. The majority are all with government departments, but not all. All are funding for specific deliverables. Some just starting, others just completed, some already a good way through. The majority are environmental Tai Ao contracts, some are social outcomes oriented, like the new renewable energy in maori homes funding that will reduce power poverty for vulnerable whanau in Te Orewai, as well as hook up our 2 Marae and COVID response funding from last year. The government focus on climate change and the mitigation strategies to reduce and manage severe impacts has brought opportunities for the Trust to get funding to support our local rohe, our own perspective, challenges and solutions.

With such a large whenua block, there is a lot of land that is not productively used by the Trust, to bring income for further improvement to the whenua and investment in Trust's business, for the shareholders. The Trust also has a Contract for honey from hives on the whenua, with Tai Tokerau Honey Ltd, with Rob and Lonnie Murray, also for the harvesting of pine from the Omanene block and a grazing lease with the Wrights.

The Trust is also currently looking at raising "passive income" by leasing some blocks suitable for cropping. We will apply any income from those leases to repair fences on those blocks. The Trust will ensure that those leases are responsible for protecting and improving the whenua they are working, particularly ensuring good practice in use of fertiliser and/or herbicides to ensure no runoff impacts waterways, wetlands, drains etc. The majority of those sites will need soil remediation work to get top money for the lease, but we expect pasture quality will significantly improve with these leases. There is more income from cropping than grazing leases, our grazing lease advised, so we will need to think about the range of potential land uses, revenue and our responsibilities to improve the whenua, the waterways, exclude stock from those waterways, etc.

Our current contracts have enabled us to employ 6 crew in 2020 for 6 mths and 6 crew in 2021 for 2 years, as well as PT admin and project lead. That's 14 jobs in total, with another 3 jobs in wilding pine mahi, to come. This year's planting crew have planted 70,000+ plants on the whenua, to capture and reduce carbon emissions and provide habitat to taonga species.

5. Audited Accounts



This is the first year we have presented audited accounts to the shareholders. While we scheduled last year's AGM COVID barged into our lives and robbed us of that AGM. Whanau health and safety is always more important. Rescheduling for this year meant getting another year's audited accounts, as we couldn't provide year old financial information to the shareholders. So, we played "chicken" to stare down an extension of COVID restrictions that could interrupt our plans for an AGM this month, at the Marae, keeping the date locked in, with Tau Henare Marae AGM.

It took 3 yrs to provide the evidence to satisfy the IRD from the past Trustees (mis) management of the Trust's affairs, to have IRD agree we were not responsible for the lack of financial information and absence of properly audited accounts from the previous Trustees, up to June 2017, when we became the new Trustees. In Dec 2020 IRD agreed to draw a line in the ledger, up to 2017. We had first audited accounts for 2017-2019 to present at the 2020 AGM that was disrupted by COVID, a week before our AGM was scheduled. Today we present the audited accounts for 1 Apr 2020 to 31 Mar 2021.

So here are the audited accounts from 1 April 2020 to 31 Mar 2021, provided by BDO Spicers and presented by our accountant, James Nair.

6. Rates



By Jun 2017, the Trust inherited a Rates debt from both FNDC (\$129,557) and WDC (\$129,856) totalling \$259,413. In 2019 FNDC waived \$55,000 and in 2021, WDC wrote off \$100,000. FNDC's latest rates notice is \$ 84,226 and WDC's is \$49,000. These are rates for dwellings on the Block.

Over the financial year ended 31 Mar 2021, the Trust paid \$10,800 to FNDC and \$25,753 to WDC in rates. This is additional to any rates paid by the few whanau who also pay rates for homes on the Block.

In 2021 the law changed regarding rates on whenua maori. The Trust will move to shift responsibility for rates payments to individual homeowners/occupiers. In the past, the Trust has received rates notices for all dwellings on the Block and some have paid rates directly to Councils for their homes. Many however, do not pay rates for dwellings or income generating activities on the whenua, which Council can charge rates for. This will enable the user to pay and be responsible for, their rates bill. Income generating activities include grazing stock, having beehives, running a drift pad, etc

Councils also offer rates rebates to low income earners. In 2021 the rebate in WDC was \$620/yr. That is about 40-50% of the current annual rates for a home.