



WHAREONGAONGA 5 BLOCKS TRUST

Annual Report

YEAR ENDED 30 JUNE 2018

Audit • Tax • Advisory





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Approval of Financial Report

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

The Trustees are pleased to present the approved financial report including the historical financial statements of Whareongaonga 5 Blocks Trust for year ended 30 June 2018.

Approved

For and on behalf of the Trustees:



Chairperson

22/11/2018

Date

Notice of Annual General Meeting

Whareongaonga 5 Blocks Trust

Notice is hereby given that the Annual General Meeting of beneficial owners will be held at Muriwai Marae on Friday 23rd November 2018 at 10am.

AGENDA

1. Mihi/Karakia.
2. Apologies.
3. Minutes of previous Annual General Meeting.
4. Chairperson and Trustee Reports.
5. Annual Accounts for the year ended 30 June 2018.
6. ELECTION - To fill one position caused by the retirement by rotation of T Ferris who being eligible offers herself for re-election.

Note (1) Nominations duly completed by nominator and candidate must be lodged at the Trust's office, 1 Peel Street Gisborne not later than 10am Tuesday 20th November 2018.

(2) Proxy forms and Powers of Attorney must be lodged at the Trust's office by 10am on Wednesday 21st November 2018.

7. Dividend and Grant recommendations
8. Appointment of Auditor
9. General Business
10. Closing Karakia

R Porou-Wetere
CHAIRPERSON

Minutes of Annual General Meeting

Whareongaonga 5 Blocks Trust

Held at Muriwai Marae on Friday 24 November 2017

PRESENT:

R Porou-Wetere (Chair), K Toroa, A Whakataka, H Porou, and T Ferris.

In attendance: K Potae and J Toroa.

PRESENT FROM ATTENDANCE LIST:

R Heavener, D Heavener, T Ferris, T R Hawkins, E Hogan, R Kahuroa, K Keefe, P Moa, K Morgan, J Ngarangione, I Ngarimu, A Richardson, G Riki, K Robin, W Smith, John Solomon, James Solomon, W Te Weehi, J Toroa, E Whaanga, A Whakataka, K Toroa, H Porou, R Wetere, W Walker, F Poihipi, V Burgaye, S Poihipi, P Cotton, A Johnson, T Smith, F Pleydell, A Maynard, O Pickett, T Chadwick, I Downes, A Terekia, D & L Lloyd, V Makara, M Karaka, M Hare, C Hawkins, I McGhee, O Wyllie, L Pohatu, M Bevan, H Pohatu, P Wihongi, N Marino, B Hooper, T Kopua, M Kerr

WELCOME:

A Whakataka opened the meeting with a mihi and karakia. R Porou-Wetere welcomed everyone to the meeting and the Trustees, Operations Manager and Accountant introduced themselves. R Porou-Wetere introduced D & L Lloyd to the Shareholders. They are currently residing in the old homestead and D Lloyd undertakes casual farm duties.

APOLOGIES:

P Solomon, J Conway, D Pohatu, I Whakataka, R Johnstone, M Wendt, D Robinson, P Dennis, D Hawkins, J Johnstone, R Rauna, J Toroa, H Pohatu, T Pohatu, T McClutchie, S Skipper, D Wilkinson, P Broughton, R Kara, H Fletcher, W Walker, P Matenga, B Matenga, D Akahuta-Brown. The apologies were *moved R Johnstone / seconded R Heavener*.

MINUTES:

Minutes of the AGM held Friday 2 December 2016 were read by R Porou-Wetere. The minutes were approved. *Moved R Kahuroa / seconded R Heavener*.

MATTERS ARISING

- J Solomon enquired about the registration forms and wanted to make sure people are filling in the attendance form and not the apologies list. He was concerned people might miss out on their kaumatua grant if they sign on the wrong form. R Porou-Wetere advised that today we have a staff member making sure people are signing the correct forms.
- B Hawkins spoke to the matter regarding the proposal to the Trust. There was a meeting held and there was assistance with the wild cattle however they had not finalised the process. R Porou-Wetere acknowledged that the process hasn't been finished off and will make contact with B Hawkins after the next Trustee hui.
- R Kahuroa asked the Trustees to keep being pro-active regarding the initiative to bring all the neighbouring farms together to collaborate. He would still like this to happen and asked if an update can be made in the future.
- K Robin asked if it was a good time to raise the Rangiwaho paper that was presented today. R Porou-Wetere advised this can come up in general business.

SGM MINUTES:

R Porou-Wetere read the Special General Minutes that were held on Saturday 4 March 2017. These minutes were *approved moved K Morgan / seconded W Playdell*.

CHAIR REPORT:

R Porou-Wetere read her Chair report. J Toroa gave an update on the homestead and acknowledged D & L Lloyd for all their hard work on the property. The owners asked if the position as casual farmhand was advertised. R Porou-Wetere advised that as it was a short-fixed term contract it wasn't advertised. The contract will be reviewed and if the position became permanent then it would be advertised.

R Porou-Wetere gave the owners an update in regards to the honey portfolio. She put in an apology for B Savage as he couldn't make it to the meeting today. A 3x3 contract has been signed up to which secures the honey income going forward. R Porou-Wetere gave an update on the wild cattle, the bank investment, the paper road, the shareholder database and health and safety.

R Porou-Wetere acknowledged Nellie Brooking for her work with the strategic plan as this has kept the Trust in good stead and it has been pleasing to see some of the goals come to fruition. R Porou-Wetere advised the owners about the Whenua Maori Contract which is enabling the Trust to undertake due diligence on various work streams. K Robin enquired how much is the contract with Te Puni Kokiri. R Porou-Wetere advised it is \$160,000.

The owners enquired about the carbon credits. R Porou-Wetere advised this will come up as we discuss the accounts.

J Solomon advised that around 40 years ago he made enquiries about Whareongaonga 5 and was told it was just a bunch of rocks. Based on the photos he has seen today he is so proud to know it is not just a bunch of rocks but a beautiful property. The owners asked about cyclists wanting to come through the property. R Porou-Wetere advised that the Trustees are aware and are willing to engage in conversation about how to make that beneficial for both the cyclists and Whareongaonga.

K Robin asked if Rangiwaho is included in the strategic plan. T Ferris advised that they are included under goal 3 which is ensuring that they grow relationships with Iwi and Marae.

V Pohatu asked that if ever there was a visit to the property it would be great to take shareholders as there is a lot of history that needs to be shared with the Rangatahi. T Ferris addressed the meeting advising that the Trustees had been approached by Professor Black to come and have a look at Whareongaonga 5 Blocks Trust. The Trustees have decided to combine the visit with an owners wananga which will be held in January 2018. Shareholders will be invited to the visit.

K Robin advised the Trustees that Rangiwaho are committed to the kaupapa but they are feeling a bit left out as they are not specifically named in the strategic plan. T Ferris responded that while she agrees in part, the Whareongaonga strategic plan is bigger than just Rangiwaho Marae alone. R Kahuroa added that he supports the strategy for collaboration across the neighbouring blocks and Iwi. R Porou-Wetere advised that the three Chairs have been having email communications between them and she will be looking to expand it further as collaboration with the neighbours is considered more.

The Chair report was approved. *Moved R Heavener / seconded P Cotton.*

EDUCATION GRANTS:

T Ferris gave an update to the owners on the last round of education grants. She encouraged the owners to apply. M Panapa who had received the education grant last year stood up and addressed the meeting. She thanked the Trustees and owners for the provision of the education grant.

B Hawkins advised that her daughter was also a recipient and thanked the Trust. The Heikell and Hutana whanau stood and spoke and thanked the Trust for the grant. Representatives from the Whakataka and Reihania whanau also thanked the Trustees for their children and grandchildren's educational grants.

It was suggested that the Trustees consider extending the grant to include sporting achievements. R Porou-Wetere advised that the current policy does not cover this however the Trustees can discuss at their next

Trustees meeting. K Robin asked if the Trustees would consider a grant to purchase stationery to those that are in secondary school.

ANNUAL ACCOUNTS:

K Potae took the owners through the financial results for the period ended 30 June 2017.

The Trust received a clean audit report. It was pleasing to report a net surplus for the year of \$59,980. This was due to an increase in income from the honey receipt coupled with a reduction in expenditure of approx. \$60,000 which was primarily in administration costs.

K Potae advised the meeting that the Trustees had considered the pre-1990 carbon credits they owned. Given the liability was so restrictive if they exited forestry on that land they agreed it was the right time to realise the asset. This has taken place in the last couple of weeks and is pleasing to report that the Trustees have banked \$1.1 million from the proceeds of the sale of those credits.

R Porou-Wetere read the top 13 unclaimed dividend list. J Solomon asked if this information ever goes out to the owners by way of a Panui. Given the confidential nature of the information it is not sent out however the Trustees encouraged the whanau to let whanau know to contact the office and collect their unclaimed dividends. A Whakataka advised there is also an issue where people are not succeeding to shares. It was agreed that the Trustees will look further into the unclaimed dividend list to see if there is a strategy they can undertake to help connect people with their monies as well assist people to succeed to shares. The owners asked that it is important the right person gets the money. R Porou-Wetere highlighted that you must provide proof of ID before payment will be made of your dividend.

The annual accounts were approved. *Moved A Pickett/seconded R Kahuroa.*

ELECTION:

R Porou-Wetere handed the meeting over to K Potae. K Potae announced that there was one position available caused by the retirement of rotation by R Porou-Wetere who being eligible offered herself for re-election. We received one invalid nomination into the office. Given there were no valid nominations received R Porou-Wetere was re-appointed to the Trust for a further term. R Porou-Wetere thanked the owners for the re-appointment.

DIVIDEND AND GRANTS:

- There was no dividend declared for this year. R Porou-Wetere highlighted that in all likelihood there will be a dividend at next year's AGM based on the sale of the pre 90 carbon credits.
- Kaumatua Grant fund of \$7,000 which is \$100 per kaumatua.
- Education grant fund of \$7,000 which is capped at a maximum of \$500 per application however if more than 14 applications are received the recipient gets a portion of the \$7,000.
- Hardship and donation fund of \$7,000. It was noted that out of this fund the Trust utilises the majority to pay Rangiwhao's Marae insurance. R Porou-Wetere advised that as part of collaboration with the neighbouring land blocks she is going to ask if they would contribute to the Marae insurance, not only for Rangiwhao but for Muriwai as well. One of the owners spoke and said this is timely as she is writing to all the land blocks to ask for a contribution towards Muriwai Marae insurances – she will look forward to hearing what the outcome is.
- The recommendations were approved. *Moved R Kahuroa/seconded J Solomon.*

AUDITOR:

The Trustees recommended the appointment of Coates & Associates as auditor for the 2018 year. This was approved. *Moved R Kahuroa/seconded V Pohatu.*

GENERAL BUSINESS:

K Robin addressed the meeting giving an update on Rangiwhao. She also handed out magnets which had neighbourhood watch contact phone numbers on and encouraged whanau to make contact if ever they see anything untoward in the area. R Porou-Wetere advised that the Tamanuhiri Hunters Club undertake

controlled hunting and they have been in discussion with the Trustees to access Whareongaonga 5 Blocks Trust. If there are any guns heard on W5 please make contact with phone numbers as provided but also be aware that they may have been approved to be on the block. K Robin thanked the Trustees for paying the Marae insurances and advised that the Wharekai will look to be finished in April. She welcomes a meeting with the Trustees to continue to build the relationship between the Marae and the Trust.

R Porou-Wetere advised the owners of the 2018 commemorations in regards to the 150 years since the landing of Te Kooti. This will be a 3 day event which will be held at both Muriwai and Rangiwaho Marae. R Porou-Wetere invited C Pera to address the owners. C Pera asked the owners that if they are wanting to make a donation to the kaupapa that would be welcomed. He gave them the story of what happened when Te Kooti landed and advised that the commemoration will start at Rangiwaho on the 10th July and then concluding on the 11th and 12th at Muriwai Marae. The service will be a Ringatu service.

K Robin and R Kahuroa recommended the Trustees to go ahead and donate towards the commemorations.

R Porou-Wetere advised that the Trust is currently getting the health and safety policies and procedures in place to assist with keeping those that enter the property safe as well as the Trustees. A consultant will be engaged to assist to get this up and running as it has proved to be a bigger task than anticipated. V Pohatu asked everyone that if they enter the property to have respect and keep themselves safe. She welcomed the wananga and spoke that you should never fear Whareongaonga 5 as long as you have respect for the place. P Moa asked if the health and safety regime is only being applied to Whareongaonga 5 Blocks Trust. R Porou-Wetere advised that a new Act has come in and applies to all in New Zealand.

J Solomon complimented the Trustees on all the work that they have undertaken at the homestead.

R Porou-Wetere offered any of the owners who had travelled near and far today to stand and introduce themselves and take the opportunity while the wider whanau is together. Various whanau members stood and introduced themselves to the meeting.

R Kahuroa asked if the Trustees are looking at purchasing Peter Hair's property. R Porou-Wetere advised that they aren't currently. H Porou advised that it has been withdrawn for sale.

Drone footage video of the property was shown to the owners.

The meeting closed at 12.50pm with a karakia by A Whakataka.

.....Chairperson

.....Date

Chairperson's Report

Whareongaonga 5 Blocks Trust

2018

Tēnā koutou katoa

Tēnei te mihi atu ki ngā uri o Whareongaonga me ngā kaitiaki o te whenua, mauri ora ki a koutou katoa. Ki ngā kaitiaki o neherā, ngā tāngata kua mene ki te pō, ā Tania Peka mā, moe mai rā koutou i wā koutou moenga roa. Huri noa ki te hunga ora, tēnā tātou katoa.

On behalf of Whareongaonga 5 Blocks Trust (W5) and trustees, it is my pleasure to present the Chairperson's Report on the activities of the Trust for the past twelve months period ended 30 June 2018.

W5 is an Ahu Whenua Trust, so it is important to acknowledge the wisdom and service from all previous Trustees and staff of W5 who have contributed towards the confident position that W5 Blocks Trust is in now. W5 is a consolidated land block and so the focus from all those who have been involved in W5 has been and will continually be to focus on the whenua and the people who whakapapa to the whenua – *kia whakamana te mauri o Whareongaonga*.

For the 2017-2018 year, the focus of the Trustees has been all about feasibility and research, as discussed in last year's AGM. This focus been because of the ongoing guidance from shareholders, the endorsed 5-year strategic plan, the governance and administration efficiencies as requested by the Māori Land Court judge and the desire to present all our feasibility reports and recommendations at this year's AGM. We are very excited to be able to include in this year's AGM papers an Executive Summary of the feasibility projects and a reviewed strategic plan for your endorsement.



Whareongaonga 5 Blocks Trustees 2018

(L-R) Kylee Potae (BDO) | Joe Toroa (now retired) | Rachel Wetere | Tui Ferris | Karena Toroa | Henare Porou | Allies Whakataka

Year in Review (2017-2018)

Financial position

Our end of year financial result has improved substantially on last year's result due to finalising the sale of Pre-90 Carbon Credits during the year.

We are reporting a profit of \$1,104,781 for the 2017-2018 year. Our accounts have been audited by Coates Associates Limited and we have a clean audit report.

Due to the one-off sale of carbon credits we focussed on investment into our asset base while keeping a watch on costs and adhering to our budgeted forecasts. The Trust is in a strong financial position which is being used to produce income for operational needs and re-investment.

Grants

The Trust contributed grants for kaumātua, education and hardship purposes. The kaumātua grants are processed at each AGM and this was given out to 55 pakeke for this financial year. The education grants were received earlier this year and it is very exciting to see the range of applicants. A list of the 13 approved recipients is provided in Note 13 in the accounts. In terms of the hardship grant, this was requested by two applicants through the office, both for tangihanga purposes.

Our Marae

This year we were able to assist our Marae with the following:

<u>Rangiwaho Marae:</u>	\$7,184.00	Insurance
	\$4,968.00	Gravel for carpark
	\$1,000.00	Opening of Rongomaiwaiata
	\$1,000.00	Ringatu commemorations
<u>Muriwai Marae:</u>	\$1,000.00	Ringatu commemorations
	\$ 500.00	Anzac

Portfolios:

Homestead	The homestead has now been completed and rented to our farmhand (Dave and Lovey) who are also completing works on the W5 block. Weather damage during a storm over winter was fixed thanks to our insurance plan. We are grateful to have been able to utilise the services of Joe Toroa, who has resigned from his role in an operational capacity for the Trust. We have an interim plan in place at the moment.
Honey lease	The honey lease arrangement with the exclusive bee hiver, Bill Savage continues for another 3 years. We have signed a three-year agreement with Bill, who has always been transparent with our desires to researching more into honey development. A 5-year project with Land Care Research and 8 other rohe who are researching Manuka genetics and specifically our own Manuka plant is ongoing. A seed collection project has been collated and we continue to harvest seed from native species as a plan for future development.
Cattle livestock	Our wet and windy weather on Whareongaonga has not been favourable; giving us a small window to rebuild the yards for mustering the livestock. We employed another casual farmhand who has whakapapa back to the block, Andrew Richardson. The livestock are not viable farming/breeding animals and the revenue will be put back into future opportunities for improvement or investment.
Bank investment	A managed fund is utilised to put funds on investment. As a reminder, the previous trustees invested \$1.5m of the first forestry pay-out with the intention of the Trust utilising any income earned on that \$1.5m into perpetuity. The current trustees continue to support the original intention.

Roading	There are ongoing issues with roading and access, as the Wharekakaho Road is still a designated paper road under the Gisborne District Council. We have put ongoing repairs in place for health and safety reasons and we aspire to meet with GDC to get the paper road back; as well as work with TTPT on a group application process.
Health and Safety	With the Health and Safety Act introducing new legislation, this has been a focus for the Trust to ensure policy and procedures are in place. Site visits have been limited, until the trustees have confidence that all health and safety requirements are in place.

Trustees

Last year, we all paid respect to the late Mrs Tania Peka who was a former trustee for Whareongaonga 5 Blocks Trust, we acknowledge her passing and those of shareholders or whānau who have passed away in the last twelve months, haere atu rā koutou.

We welcome Tui Ferris back as a Trustee. No nominations were received this year which means Tui was automatically reappointed given she had made herself available.

Year moving forward (2018-2019)

Strategic Plan

As part of the TPK grant, there was a component for governance and management training. We have also reviewed our strategic plan with the help of the expertise of Phil Roth and Rhea Cowell of BDO Christchurch. Going forward Trustees will be completing a new strategic plan which will take us through three phases of development in 5-year increments. We welcome interested shareholders to join us to complete this plan and will formulate a strategic plan budget to ensure affordability and returns.

Education Grants 2018/2019

As the grant application process has been successful, we would like to continue with the tertiary education grants for 2018/2019 with an additional budget for a tertiary scholarship.

We are seeking endorsement for the inclusion of a \$5,000 'Higher Education' scholarship for those studying for their Masters or PhD level. Criteria and advertising will be at the same time as the tertiary grant (i.e., Feb-April 2019)

Te Puni Kōkiri – Māori Whenua Grant

We are grateful to have fulfilled the requirements of Te Puni Kōkiri Whenua Māori Fund grant that we received last year for \$160k. The criteria of the funds were utilized to conduct feasibility studies for (potential) future investment opportunities.

- The areas of feasibility studies included Land survey analysis, Eco-Tourism, Eco-Housing, Forestry feasibility, Honey production, Governance and Management development and Clustering opportunities.
- An executive summary of all the feasibility reports has been included in the AGM papers. Should anyone wish to see the full feasibility reports, you are welcome to call into the BDO office to sight the hard copy report. As it is a large file we unfortunately are unable to email it out.

Shareholders and administration

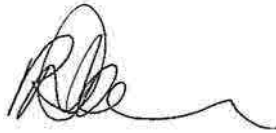
There are key areas that we want to work on for 2018/2019:

- Increasing awareness of shareholders in the wider Tairāwhiti / Kahungunu region
- Working with existing relationships to develop a better communication process; including a website (login access) and regular pānui

Te Reanga Hou

As part of the TPK grant, we hosted a hui to discuss the revival of 'Te Reanga Hou' – a collaboration entity of the Chair and Trustees, including Tāmanuhiri Tutu Poroporo Trust. Whilst we are in early days, we held a meeting in October 2018 and discussed our current status and future opportunities of working together to support each other's vision and business developments. We are very excited to be able to continue this kaupapa for the benefit of all our shareholders.

Nō reira, koutou katoa ngā uri o tēnei whenua, ko te hiahia kia ea ngā wawata kia tutuki pai ngā whakaaro tahi o Whareongaonga mō ngā uri o tēnei whenua.

A handwritten signature in black ink, appearing to be 'R. Porou', with a long, sweeping horizontal line extending to the right.

Rachel Porou Wetere
Chairperson

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Whareongaonga 5 Blocks Trust

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Whareongaonga 5 Blocks Trust on pages 2 to 20 which comprise the Balance Sheet as at 30 June 2018, the Statement of Profit or Loss, Statement of Movements in Equity for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements on pages 2 to 20 present fairly, in all material respects, the financial position of Whareongaonga 5 Blocks Trust as at 30 June 2018, and its financial performance for the year then ended, in accordance with the accounting policies set out in the Notes to the Financial Statements.

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 trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners as 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, Whareongaonga 5 Blocks Trust.

Basis of Accounting

Without modifying our opinion, we draw attention to the Notes to the Financial Statements, which describes the basis of accounting. The financial statements are prepared for internal management purposes in accordance with the CAANZ Special Purpose Framework for For-Profit-Entities (SPFR for FPE's). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the shareholders of the Whareongaonga 5 Blocks Trust and should not be relied upon by other parties.

Other Information

The other information comprises the 2017 AGM minutes and Chairperson's Report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Trustees for the Financial Statements

The trustees are responsible on behalf of the trust for the preparation and fair presentation of the financial statements 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 on behalf of the trust for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 economic 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 trust'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 trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Coates Associates Ltd

22 November 2018
Coates Associates Ltd
300 Childers Road
Gisborne

Trust Directory

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

Trustees

R Wetere (Chairperson)
H Porou
A Whakataka
T Ferris
K Wharehinga ne Toroa

J Toroa (Co-opted member)

Nature of Business

Forestry
Land Management & Development

IRD Number

068-848-091

Secretary

Kylee Potae
BDO Gisborne

Chartered Accountant

BDO Gisborne Ltd
1 Peel Street
Gisborne

Bankers

ANZ Bank
Gisborne

Auditors

Coates Associates Limited
Gisborne

Compilation Report and Disclaimer of Liability

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

Scope

On the basis of information you provided we have compiled, in accordance with Service Engagement Standard No 2: Compilation of Financial Information, the special purpose financial statements of Whareongaonga 5 Blocks Trust for the year ended 30 June 2018. These have been prepared on the basis disclosed in note 1 to the financial statements.

Responsibilities

The Trustees are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the Trustees benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We are not independent of the Trust because a Director of this firm is the Secretary for the trust.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the Trustees. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed by BDO Gisborne and accordingly no assurance is expressed.

Disclaimer of liability

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Director
BDO Gisborne Ltd
1 Peel Street
Gisborne

Dated: 22/11/2018

Te Puni Kokiri Whenua Maori Fund

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

	2018	2017
Trading Income		
Income	120,000	-
Total Trading Income	120,000	-
Gross Profit	120,000	-
Expenses		
Clustering opportunities	12,229	-
Eco-housing	2,497	-
Eco-tourism	7,043	-
Forestry feasibility	6,610	-
Governance and management	27,701	-
Honey Production	5,529	-
Land and survey analysis	27,073	-
Total Expenses	88,682	-
Net Profit (Loss) Before Taxation	31,318	-

Statement of Profit or Loss

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

	NOTES	2018	2017
Income			
Forestry		12,368	-
Hikurangi Forest Farms Lease		9,784	9,800
Honey Income		102,500	102,500
Other Grazing Income		-	3,006
Rent Received		7,350	1,050
Sale of Carbon Credits		1,078,875	-
Te Puni Kokiri Contract		31,318	-
Total Income		1,242,196	116,356
Other Income			
Interest Income			
ANZ Bank Interest		27,489	11,271
IRD - Interest		1	65
Private Banking - Interest		17,557	16,920
Total Interest Income		45,048	28,257
Dividend income			
Private Banking - Dividends		44,384	49,881
Total Dividend income		44,384	49,881
Total Other Income		89,431	78,138
Gross Income		1,331,627	194,494
Expenses			
Farm operating & maintenance		93,124	10,543
Homestead operating & maintenance		3,614	7,240
Rates and insurance		18,495	7,770
Administration		79,012	79,373
Total Expenses		194,245	104,927
Depreciation and amortisation			
Depreciation		9,608	5,127
Depreciation - Forestry		22,992	24,460
Total Depreciation and amortisation		32,600	29,587
Surplus / (deficit) before taxation		1,104,781	59,980
Net surplus / (deficit) for the year		1,104,781	59,980

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Expenses

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

	2018	2017
Expenses		
Farm operating & maintenance		
Bank Fees	230	247
Building R & M	535	-
Electricity & Gas	1,023	1,023
Equipment Hire	397	109
Freight & Cartage	111	-
Fencing	7,122	96
General expenses	3,098	2,681
General R&M	1,500	1,498
Roading & drainage	16,890	-
Vehicle Expenses	2,935	-
Wages	59,283	4,890
Total Farm operating & maintenance	93,124	10,543
Homestead operating & maintenance		
Homestead - R & M	1,902	5,371
Electricity	-	599
Homestead - Internet	114	-
Insurance	1,598	1,269
Total Homestead operating & maintenance	3,614	7,240
Rates and insurance		
Insurance	940	786
Rates	17,555	6,985
Total Rates and insurance	18,495	7,770
Administration expenses		
Accountancy - Fees	26,216	12,000
Accountancy - Unquoted	13,140	21,710
Audit Fees	4,200	4,100
AGM expenses	2,386	3,390
Consultancy Fees	400	820
Meetings	713	852
Private Banking Fees	10,715	10,606
Trustee Fees & Expenses	16,524	20,531
PIE withholding tax	4,718	5,364
Total Administration expenses	79,012	79,373

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Statement of Movements in Equity

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

	2018	2017
Trust Equity		
Opening Balance	5,503,261	5,476,719
Surplus / (deficit) for period	1,104,781	59,980
Investment revaluation reserve	2,342	(8,098)
Donations	(3,650)	(650)
Education Grants	(6,500)	(10,540)
Imputation Credits converted to losses	(5,113)	(4,780)
Kaumātua Grants	(5,500)	(4,300)
Marae Grant	(12,152)	(4,869)
Tangi Grants	(400)	(200)
Property Revaluation Reserve	226,617	-
Total Trust Equity	6,803,687	5,503,261

Balance Sheet

Whareongaonga 5 Blocks Trust As at 30 June 2018

	NOTES	30 JUN 2018	30 JUN 2017
Assets			
Current assets			
Bank accounts	2	122,771	144,135
GST receivable		9,105	2,603
Income tax receivable	16	7,771	5,838
Accounts Receivable		40,250	11,270
Interest Accrued		12,846	5,623
Total Current assets		192,743	169,469
Non current assets			
Property, plant and equipment	5	3,364,858	3,101,180
Forestry	8	360,209	383,201
Investments	4	3,099,612	2,056,674
Total Non current assets		6,824,679	5,541,055
Total Assets		7,017,421	5,710,524
Liabilities			
Current liabilities			
Accounts Payable		42,183	14,972
Rent received in advance		5,773	5,757
Unclaimed Dividends		165,780	186,534
Total Current liabilities		213,735	207,263
Total Liabilities		213,735	207,263
Net Assets		6,803,687	5,503,261
Equity			
Trust Equity	3	6,803,687	5,503,261
Total Equity		6,803,687	5,503,261

This statement should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Notes to the Financial Statements

Whareongaonga 5 Blocks Trust For the year ended 30 June 2018

1. Statement of Accounting Policies

Reporting entity

The financial statements presented here are for the entity Whareongaonga 5 Blocks Trust.

Nature of business

The trust is engaged in Forestry, Land Management & Development. The nature of the trust's business has not changed during the year under review.

Basis of preparation

These financial statements have been prepared in accordance with A Special Purpose Framework for use by For-Profit Entities (SPFT for FPEs) published by Chartered Accountants Australia and New Zealand.

Historical cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below.

Revenue recognition

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

Forestry income is recognised on sale or harvest of the forest.

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. The Gross amount of the dividend is recorded and any tax credits refundable or non refundable are handled in the tax expense calculation.

Changes in accounting policies

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

Accounts receivable

Accounts Receivable are stated at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Forestry

Forestry assets are measured in accordance with treatment permitted by the Income Tax Act 2007. The purchase of established forests is recorded at cost and recognised in profit or loss on sale or harvest of the forest. Subsequent expenditure for planting and growing is recorded in the Statement of Profit or Loss as incurred.

Property, plant & equipment and depreciation

Plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Depreciation is provided at the maximum rates permitted by the Income Tax Act 2007.

Land and Buildings are stated at valuation and are valued once every three years to ensure carrying amounts are not materially different from fair value at reporting date. The basis of valuation of the land and buildings is highest and best use.

The depreciation rates used are as follows:

Land 0% DV
 Buildings 3% SL
 Motor vehicles 30% DV
 Plant and equipment 10-30% DV
 Development expenditure 6% DV

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

Investments

Investments have been revalued to market values.

Development expenditure amortisation

Expenditure relating to improvements to the land of the types covered by sections DO4 and D10 of the Income Tax Act 2007 have been capitalised and amortised at various rates in accordance with Schedule 20 of the Act.

Income tax

Provision is made for taxation after taking full advantage of all deductions and concessions permitted using the taxes payable method.

Goods and services tax

The financial statements are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable, which are stated inclusive of GST.

Comparative figures

The comparative figures shown are for a twelve month period.

	2018	2017
2. Bank Accounts		
Bank Accounts		
ANZ 00-Cheque Account	6,977	1,479
ANZ 01-Private Current Account	114,577	141,698
ANZ 02-Serious Saver	1,217	958
Total Bank Accounts	122,771	144,135

2018 2017

3. Equity

Retained earnings/(accumulated losses)

Opening Balance	7,038,268	7,003,627
Current Year Earnings	1,104,781	59,980
Education Grants	(6,500)	(10,540)
Donations	(3,650)	(650)
Marae Grant	(12,152)	(4,869)
Kaumatua Grants	(5,500)	(4,300)
Tangi Grants	(400)	(200)
Imputation Credits converted to losses	(5,113)	(4,780)
Total Retained earnings/(accumulated losses)	8,109,734	7,038,268

Asset revaluation reserve

Property Revaluation Reserve

Opening Balance	(1,747,337)	(1,747,337)
Property revaluation reserve	226,617	-
Total Property Revaluation Reserve	(1,520,720)	(1,747,337)

Investment revaluation reserve

Opening Balance	212,330	220,428
Investment revaluation reserve	2,342	(8,098)
Total Investment revaluation reserve	214,672	212,330

Total Asset revaluation reserve	(1,306,048)	(1,535,007)
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Total Equity	6,803,687	5,503,261
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Shareholding

Total shares = 14,535

2018 2017

4. Investments

Investments

ANZ Term Deposit @ 3.50% pa due 31/08/2018	118,144	114,720
ANZ Term Deposit @ 3.30%pa due 20/07/2017	-	75,000
ANZ Term Deposit @ 3.30%pa due 21/07//2017	-	350,000
ANZ Term Deposit @ 3.25% pa due 15/10/2018	75,000	-
ANZ Term Deposit @ 3.25% pa due 15/10/2018	350,000	-
ANZ Term Deposit @ 3.00%pa due 10/07/2018	1,000,000	-
ANZ Bank Private Banking	1,556,468	1,516,954
Total Investments	3,099,612	2,056,674

2018

2017

5. Property, plant and equipment

Land & Buildings

Land & Buildings	3,377,662	3,134,545
Accumulated depreciation	(49,340)	(45,162)
Total Land & Buildings	3,328,322	3,089,383

Plant and vehicles

Plant and Vehicles at cost	48,930	21,631
Accumulated depreciation	(12,394)	(9,834)
Total Plant and vehicles	36,536	11,797

Total Property, plant and equipment	3,364,858	3,101,180
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Land and buildings valuations

Ratings valuation 01 July 2017

	Hectares	Land Value	Improvements Value	Capital Value
Pt Whareongaonga 5 ML 6280 & Closed Road	1,954.4079	2,690,000	486,000	3,176,000
Pt Lot 5 DP 2925	79.5207	134,000	6,000	140,000
Total	2,033.9286	2,824,000	492,000	3,316,000

2018

2017

Net book value (balance sheet purposes)

Opening balance at 01/07/2016	3,089,383	3,093,557
Plus revaluation	226,617	-
Plus additions at cost	16,500	-
Less depreciation	(4,178)	(4,174)
Total Net book value (balance sheet purposes)	3,328,322	3,089,383

Land and buildings have been restated to valuation in accordance with the valuation report dated 1 July 2017 by OPTEON. The current revaluation surplus on revalued land and buildings is \$1,520,706 (2017: \$1,747,337). Land and buildings are revalued every three years.

6. Livestock

There are some Wild Cattle on the property. These are not valued in the accounts.

7. Contingent assets and liabilities

At balance date the Trust had no contingent assets and liabilities. (2017: \$nil)

8. Forestry

The Trust inherited a lease to Hikurangi Forest Farms by way of a forestry right over 1099.4648 hectares. The agreement provides a stumpage rate of 13% of the product sold or utilised.

	2018	2017
Forestry asset reconciliation		
Opening balance	383,201	407,661
Plus additions since	-	-
Less depreciation since	(22,992)	(24,460)
Total Forestry asset reconciliation	360,209	383,201

Forestry in the Emissions Trading Scheme (ETS)

Pre-1990 Forest Land

There is pre-1990 Forest land on the property and a liability will arise under the Climate Change Response Act 2002 if the pre-1990 forest area or part of it is cleared and not replanted or has not regenerated with at least 500 stems per hectare within 4 years of clearing. The area must also have 30% minimum crown cover 10 to 20 years after planting or regeneration depending on whether the forest is exotic or native respectively. This potential liability is not recognised in the financial statements.

There is pre-1990 Forest land on the property for which an exemption under the forestry allocation plan for the climate Change Response Act 2002 has been obtained.

Pre-1990 credits allocated by Government

Pre-1990 carbon credits	NZU's	Market Value (\$)
Opening balance (at \$17.20 p/unit)	57,540	989,688
Carbon credits allocated	-	
Carbon credits surrendered	-	
Carbon credits sold or transferred (at \$18.75 p/unit)	(57,540)	1,078,875
Closing balance	-	-

All Carbon credits were sold during the current financial year.

9. Capital commitments

At balance date the Trust had no capital commitments. (2017: \$nil)

10. Maori authority credit account

At the 31st of March 2018 the available Maori Authority Credits available to be attached to any future dividend totaled \$538,036. (2017: \$532,376).

11. Settlement from Maori Trustee

The Whareongaonga 5 Blocks Trust (the Trust) was set up on 8 May 1997 when the Whareongaonga land was transferred from the Maori Trustee to the Trust as per the vesting order from the Maori Land Court. The Trust received a settlement payment from the Maori Trustee of \$10,142 on 17 October 1997.

Land and Buildings, and other improvements, were transferred from the Maori Trustee at Government Valuation on 1 September 1996. Included in the land transferred is the lease to Hikurangi Forest Farms which includes an interest in forestry planted by the leasee.

12. Related Parties

Whareongaonga 5 blocks has carried out business through the year with H Porou in relation to farm work carried out on the Trust property. H Porou is a Trustee of the Trust. He was paid mileage relating to this work

	2018	2017
13. Education Grants Paid		
Albert-Nicolson K G R	-	920
Brown H G	-	420
Conway J C	-	420
Cooze S M	-	420
Harrington M	-	420
Hauraki G D	-	420
Hauraki J M	-	920
Hauraki T T	-	420
Heikell K A	500	500
Heikell L G	500	-
Hooper T T R	-	500
Hutana R T	500	500
Kerr A N R	500	500
Keung S T	-	420
Manuel J W	-	920
Moeke-Ferris D M	500	920
Panapa M R	500	500
Panapa R	500	-
Parata N	500	-
Peterson J	500	-
Raihanian A A H H	500	420
Raihanian-White S M	-	500
Shortland A M	500	500
Siataga T M T	500	-
Toroa-Pomana N	500	-
Total Education Grants Paid	6,500	10,540
	2018	2017

14. Donations made

Koha Rikirangi Moeau - Pou Blessing	150	150
Muriwai Marae	1,500	500
Rangiwaho Marae	2,000	4,869
Total Donations made	3,650	5,519

	2018	2017
15. Trustees fees & expenses		
Rachel Wetere	4,470	4,107
Henare Porou	2,620	4,142
Joe Toroa	2,452	2,678
Allies Whakataka	3,046	4,177
Karena Wharehinga	1,625	1,119
Tui Ferris	2,311	3,388
Tania Maw	-	920
Total Trustees fees & expenses	16,524	20,531
	2018	2017
16. Income tax		
Net profit (loss) per financial statements		
Current year earnings	1,104,781	59,980
Total Net profit (loss) per financial statements	1,104,781	59,980
Adjustments to remove accounting effect and replace with tax		
Credit adjustments		
Building Depreciation	4,013	4,174
Forestry Depreciation	22,992	24,460
PIE Withholding Tax	4,718	5,364
Total Credit adjustments	31,723	33,998
Debit adjustments		
Excluded dividend income	1,280	826
Sale of Carbon Credits	1,078,875	-
Unlisted PIE dividend income	26,006	27,727
Total Debit adjustments	1,106,161	28,552
Net taxable income (loss)	30,343	65,426
Losses carried forward		
Losses carried forward	(85,523)	(123,632)
Imputation Credits converted to losses	(29,217)	(27,317)
Total Losses carried forward	(114,740)	(150,949)
Total losses to be carried forward	(84,397)	(85,523)
Taxation movements		
Opening balance	(5,838)	(9,370)
RWT credits	(7,770)	(5,838)
Tax refunded	5,838	9,370
Total Taxation movements	(7,770)	(5,838)

This statement should be read with the Compilation Report-Disclaimer of Liability.

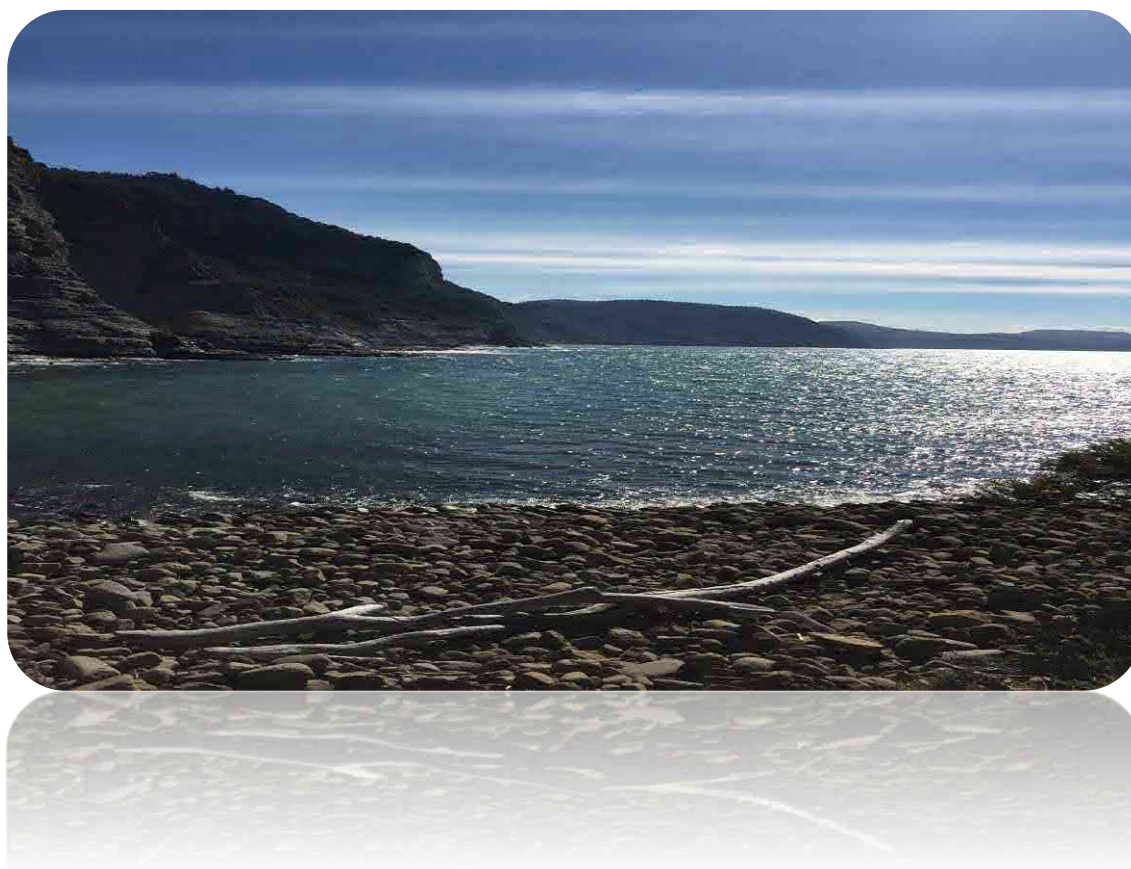
Appendix 1

WHAREONGAONGA 5 BLOCKS TRUST

TE PUNI KOKIRI – WHENUA MĀORI FUND 2017/18

OUTPUT 4 REPORT

September 2018



Final Project Report

Project Reference WMF-120

Authors	Version / Date
BDO Gisborne Ltd	1.0
Whareongaonga 5 Blocks Trust	30-09-18

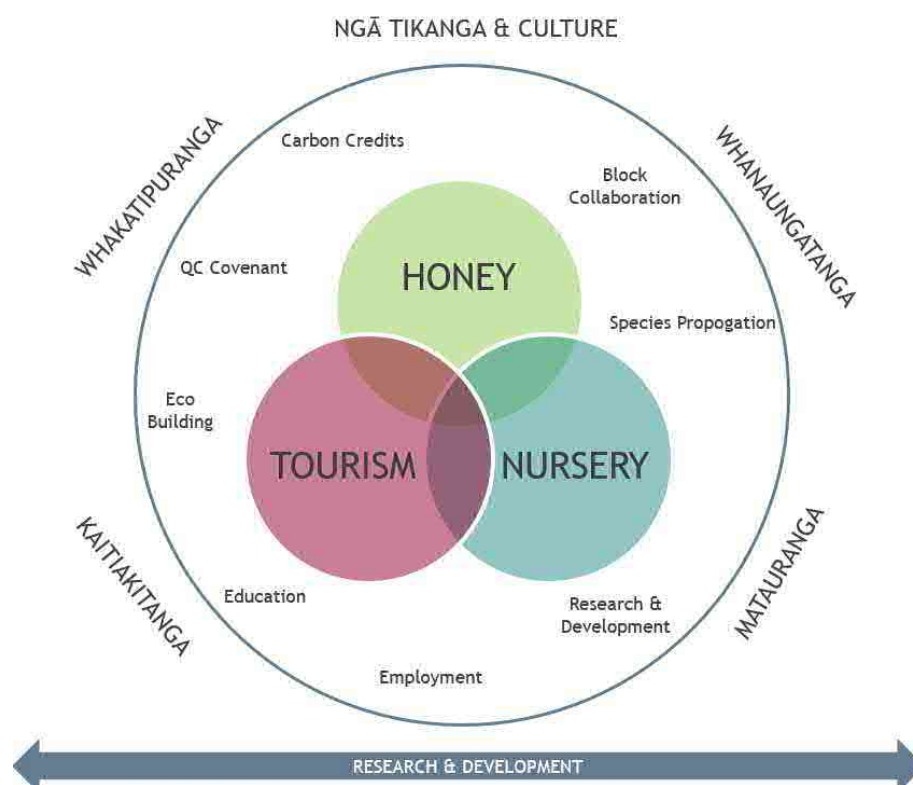
INTRODUCTION

EXECUTIVE SUMMARY

In 2017 it was identified by the Trustees and earlier with the Māori Land Court that the Trust needed to build capability of the Trustees for quality decision making. Alongside Trustee Development due diligence was required to be undertaken so the Trustees can sustainably map the pathway forward for the next 25 years and beyond.

Whareongaonga 5 Blocks Trust (W5 – the Trust) is a property that has historical significance as a consolidated Ahu Whenua Trust which surrounds the landing site by Te Kooti Arikirangi Te Turuki in 1868 when he escaped the Chatham Islands. The block is partly planted in forestry, has regenerated Manuka and other native species, and a block of native trees. The forestry block has been through its first rotation, the wood proceeds have been invested with the returns being utilised for annual operational needs. The farming platform has been inactive for approximately 20 years, each year grazing opportunities are taken as they arise. There is a honey contract in place which brings in honey proceeds each year.

The various consultant's reports provided a lot of ideas for the trustees to consider, they were impartial backed up by sound research. These were pivotal in the trustee's decisions to focus further on honey, nursery, tourism. The strategic planning sessions were key to bringing the trustees together in a forum solely focused on strategic intent, leaving that out of the business as usual trustee meetings. The strategic framework was agreed and is shown below;



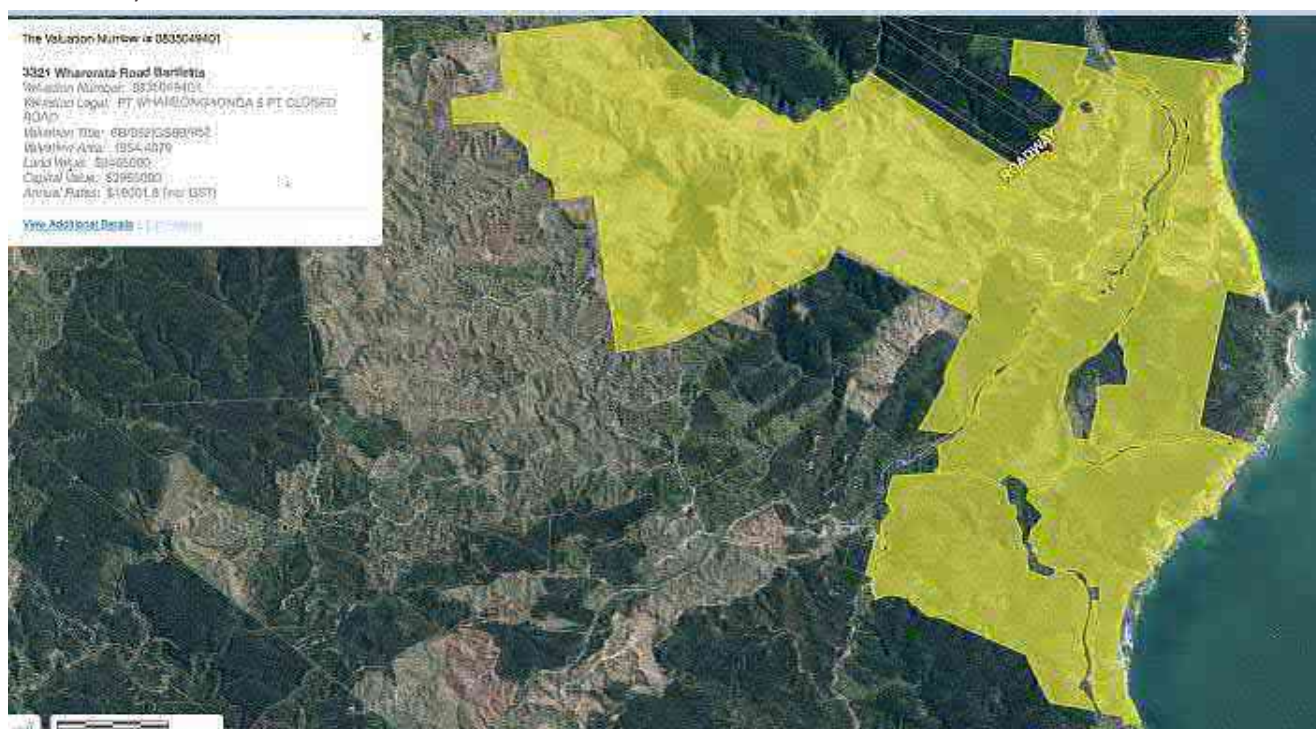
Now that the Trustees have agreed the key focus areas, consultants will be engaged where necessary to work through the business and implementation plans.

The Trustees are grateful to Te Puni Kokiri in providing the funding to undertake this mahi, it has been invaluable to gain insights and fast track the setting of strategic priorities.

BACKGROUND - WHAREONGAONGA 5 BLOCKS TRUST

Based in the Wharerata's, approximately 30 minutes south of Gisborne, the Trust has gone through change and development over the last three years. The current trustees of W5 have consolidated the governance infrastructure, strategic intent and administrative functions of the trust.

The Trustees of W5 representing an Ahu Whenua Trust has a total of 1949.82 hectares. The Trust was formed by the Māori Land Court as a consolidated land block; with 2,608 owners / shareholders at that time. The whakapapa of shareholders is initially spread across iwi including Ngai Tāmanuhiri, Rongowhakaata, Ngāti Kahungunu and Rakaipaaka (but not limited to). This is a consolidation trust.



Current activity within W5 include:

- Farming – passive grazing arrangements (ad hoc)
- Honey – passive lease arrangement (annual, exclusive rights)
- Forestry – 2 more rotations (25 years each) (1,000 Hectares)
- Investment Portfolio – managed fund portfolio with the ANZ

OUTPUT 4

INTRODUCTION

This report will cover the following:

1. Final land-use options report inclusive of areas of concern with current land-use practices;
2. How the completion of this agreement, involving the land-use options report, will improve productivity of Māori Freehold land;
3. Outcomes achieved by the project and include a full expenditure report on the use of the Te Puni Kōkiri funds; and
4. Provide confirmation of the decisions made by the Trust.

1. LAND USE OPTIONS REPORT (INCLUSIVE OF AREAS OF CONCERN WITH CURRENT LAND USE PRACTICES)

The Trust engaged eight (8) consultants to undertake various pieces of work on this project given the breadth of specialist areas. As well the Trustees visited a similar property to get an idea of what an eco-tourism venture could look like. They also undertook two days governance and strategic training, and held a one-day strategic planning session which will be followed up with communication out to the owners.

The result of the consultant's reports (as summarized below) was surprising as a similar theme came through the reports although the consultants were relatively unknown to each other. A summary of the key points from the reports is as follows.

The exotic forestry block is already established and is on a second rotation beginning another 25-year rotation so there was not much to add given the options are limited. The only recommendation received was to assess the possibility of planting ginseng amongst the stand when it is established. The regenerating ngahere (native - manuka) was identified as an opportunity with honey, and oil collection.

Investment in nurturing the manuka crop was recommended by more than one consultant. Seed collection was also recommended a couple of times, both to replant and increase the manuka stock. This has led to the Trustees now investigating a nursery, which will be for more than manuka, including many other native species. Further, it was suggested that the trustees need to increase their understanding of the carbon potential on the block (native) to bring in another income line from carbon sequencing.

The concept of planting crops in the zone one land (see map below) around the homestead was suggested in lieu of livestock farming. Livestock farming was discounted due to the small uneconomic platform and the need to clear land to make it viable which would go against erosion control, sediment run off and native regeneration.

Many of the consultants saw agri/eco/adventure tourism as an opportunity to investigate. One of the trustees along with the operations manager visited Mistletoe Bay to stay and view a property that had synergies with Whareongaonga regarding eco-tourism, this venture included educational tourism. This was to further assess the potential for the Trust. The report back supported the trustee's decision to investigate further.

Alongside eco-tourism, eco-housing/accommodation was considered. Given the overall sense that there is a tourism opportunity it was also seen that the provision of accommodation would enhance that venture. Options have been provided for the trustees to consider. It was suggested that this is done in a staged approach to mitigate risk and provide opportunity to grow sustainably alongside visitor numbers.

Again, there were many comments from various parties to consider exiting a passive honey agreement and entering the market as an active participant. The trustees have considered this for some time and considering the report from the honey consultants the cost and technical aspects of the industry especially in a season when yield is low needs to be assessed to get a fuller picture of the opportunity and risks.

It was pleasing to note that the development of a tourism venture would not impact negatively on the honey collection. And in fact, could enhance it if educational groups were to visit the property and through hands on learning plant manuka, thin the crop, and eradicate weeds. The seed collection report mirrored the consultant's advice to harvest the seeds, germinate and re-plant them, especially seeds from the Findlay's block where the UMF is high. The Trustees have been invited to view the honey consultant's operation where he is currently harvesting high UMF seeds to establish his own nursery. A unique opportunity not to be missed and is planned to take place later in 2018.

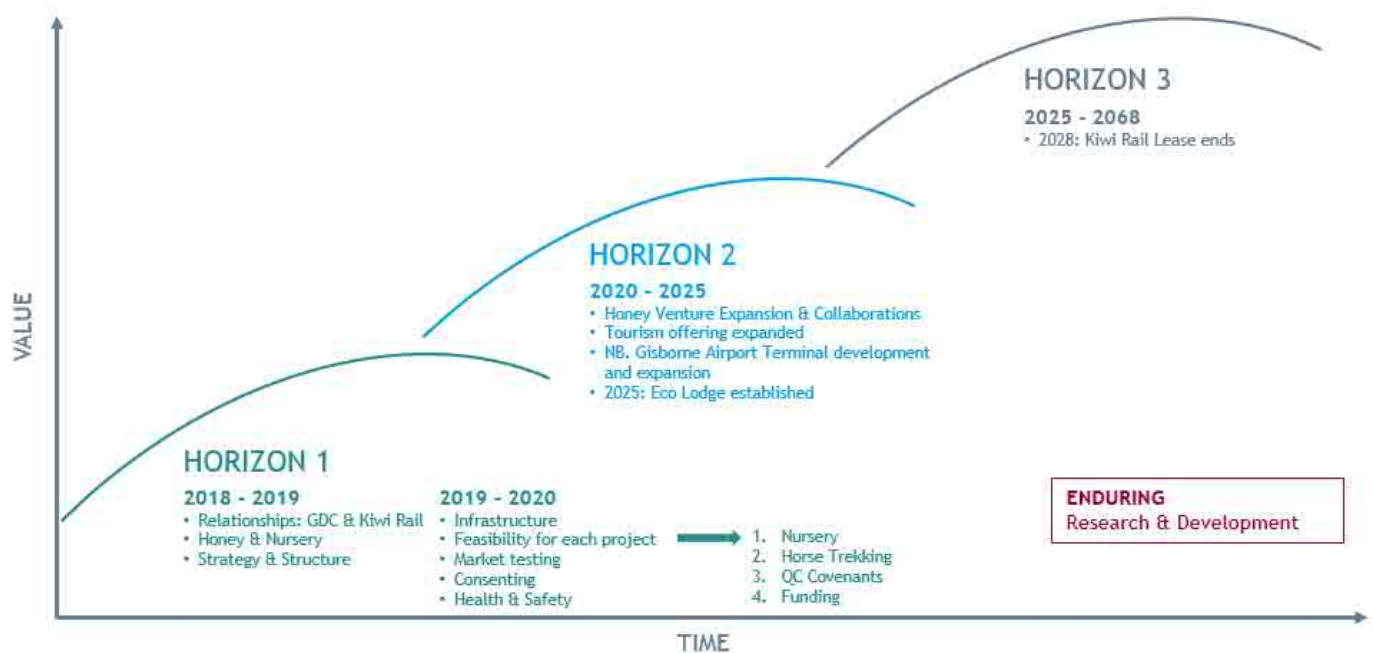
Many of the consultants assessed the main track (paper road) as needing investment for access and health and safety reasons. This track gives access to the property is dangerous in the wet season, which given the above average rain fall on the property and high-water table it is often unusable unless by foot, horse or quad bike. This matter will be discussed with the Gisborne District Council as they have a responsibility alongside the landowner.

Investment was recommended in continuing to nurture the regenerating ngahere, weed and pest control, sediment run off, and investigating tourism and accommodation options was evident in many of the reports.

The trustees hosted a Māori Tourism symposium held on 21 June 2018 at Muriwai Marae. The purpose was to learn more, but more importantly gather like minded people together to network, build relationships, and share stories. 32 people attended the symposium from land owners, tourism operators, hoteliers, and national and local tourism agencies as well as livestream participants (numbers unknown). The event was successful with many sharing contact details and showing a genuine interest in continuing the korero about Māori tourism. Following that hui and the information shared those who attended have taken the thinking back to their own land blocks, so the symposium was successful in generating an interest and energy around Māori Tourism.

A meeting of Te Reanga Hou was held which is a cluster group comprising; Whareongaonga, Pakowhai, Maraetaha, and Tāmanuhiri Tūtū Poroporo Trust. The hui outcomes were to utilize and align expertise, work collaboratively and collectively for the betterment of their collective owner base. A positive step forward for the neighboring properties who share common owners.

The Trustees have taken the time to refresh and educate themselves through governance and strategy training so they can take all the reports and decide where they will focus their time, energy and money. Philip Roth and Rhea Cowell from BDO Christchurch have held the strategic planning session with the trustees. The result being the key areas of focus being identified that all trustees are happy with, these are honey, nursery, and tourism. A snapshot of the detailed plan is below;



2. IMPROVED PRODUCTIVITY OF MAORI FREEHOLD LAND (W5)

The opportunity to bring in external consultants has provided the trustees with valuable information for decision making going forward. This is with little to no financial impact on the trust. The trustees have upskilled, they have gained knowledge, and are now embarking on a journey to implement sound decision making through robust planning to ensure the trust is well placed to sustain future generations. The trustees are empowered and have been 100% involved in the process and decision making to balance environmental needs, with the owners demands, and financial returns.

Improved productivity will come from traditional sources, some emerging, and some not so traditional for this district. Tourism for example will be a new venture, not only for the trust but the district. The luxury of having information to guide decision making cannot be undervalued. There is more work to be done before any thing is entered into or undertaken, the trustees will take a sustainable approach which means step by step, getting to know the industry they are about to enter, networking with key stakeholders, doing market research, and investing wisely.

The strategic pathway to focus on honey, nursery, and tourism are for the following reasons.

Honey	<ul style="list-style-type: none">• Employment opportunities• Educational opportunities / alongside tourism activity• Joint venture opportunities• Financial returns• Nurturing the manuka and other native species through pollination
Nursery	<ul style="list-style-type: none">• Seed collection• Employment opportunities• Educational opportunities / alongside tourism activity• Financial returns• Positive environmental impact• Research and development• Carbon farming• QC covenant on native block
Tourism	<ul style="list-style-type: none">• Employment opportunities• Educational tourism• Financial returns• Low impact / high end tourism• Support nursery and honey production through educational tourism

All balance a sustainable business model, covering the People, the Planet, and the Profits. Improved productivity will be in employment, education, financial, and investing back into the properties natural strength of ngahere regeneration. The plan is currently being drafted to span over a 50-year time frame, with detailed business plans looking to be finalised in 2019. However, in starting this project the trust has employed 3 people to work on the property, and productivity of honey production has continued.



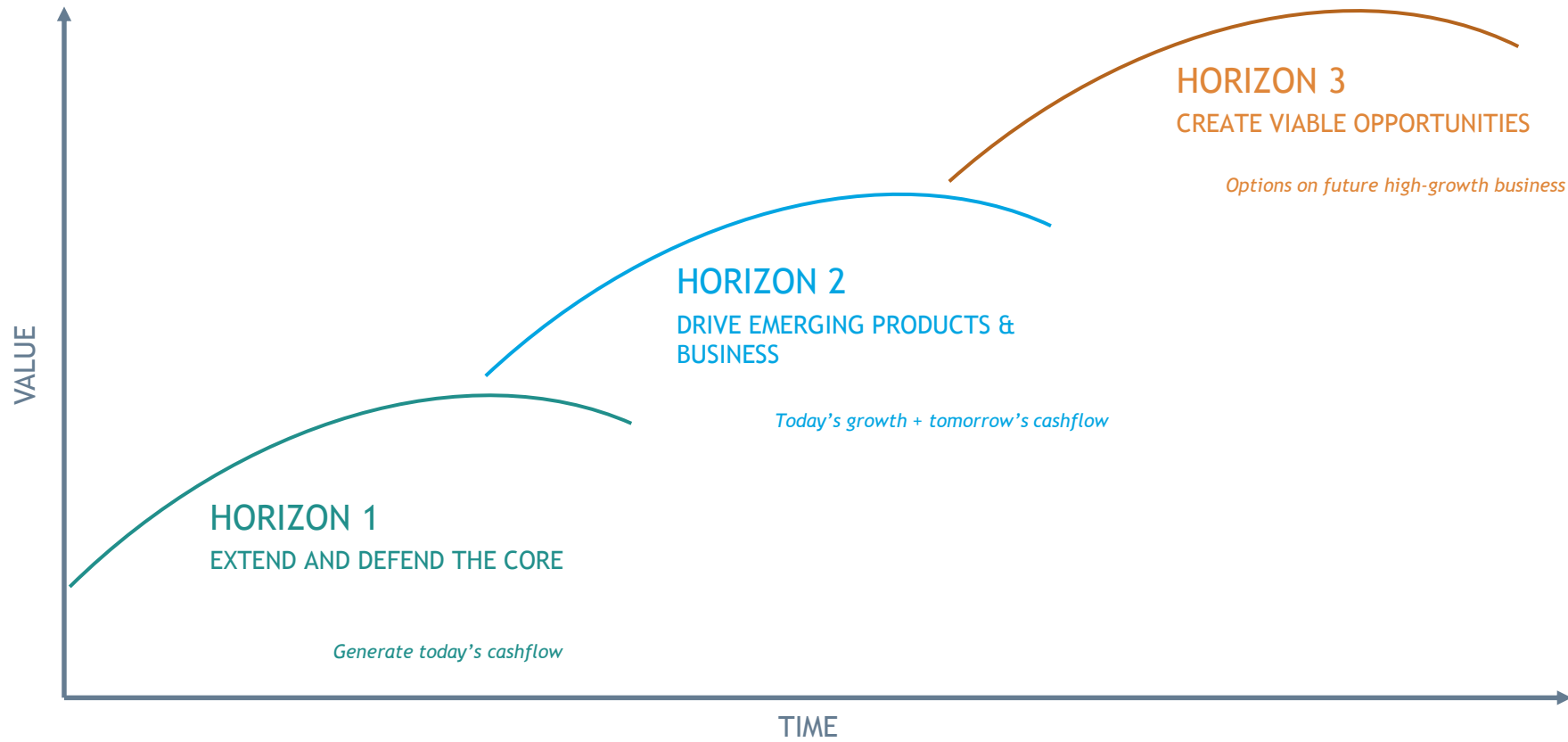
Appendix 2

WHAREONGAONGA 5 TRUST

DRAFT STRATEGY FRAMEWORK: SUMMARY OF OUTPUTS

BDO CHRISTCHURCH
OCTOBER 2018

THE THREE HORIZONS OF GROWTH



HORIZON 1

Core business most readily identified with the organisation's name and those that provide the greatest profits and cash flow. Here the focus is on improving performance to maximise the remaining value.

HORIZON 2

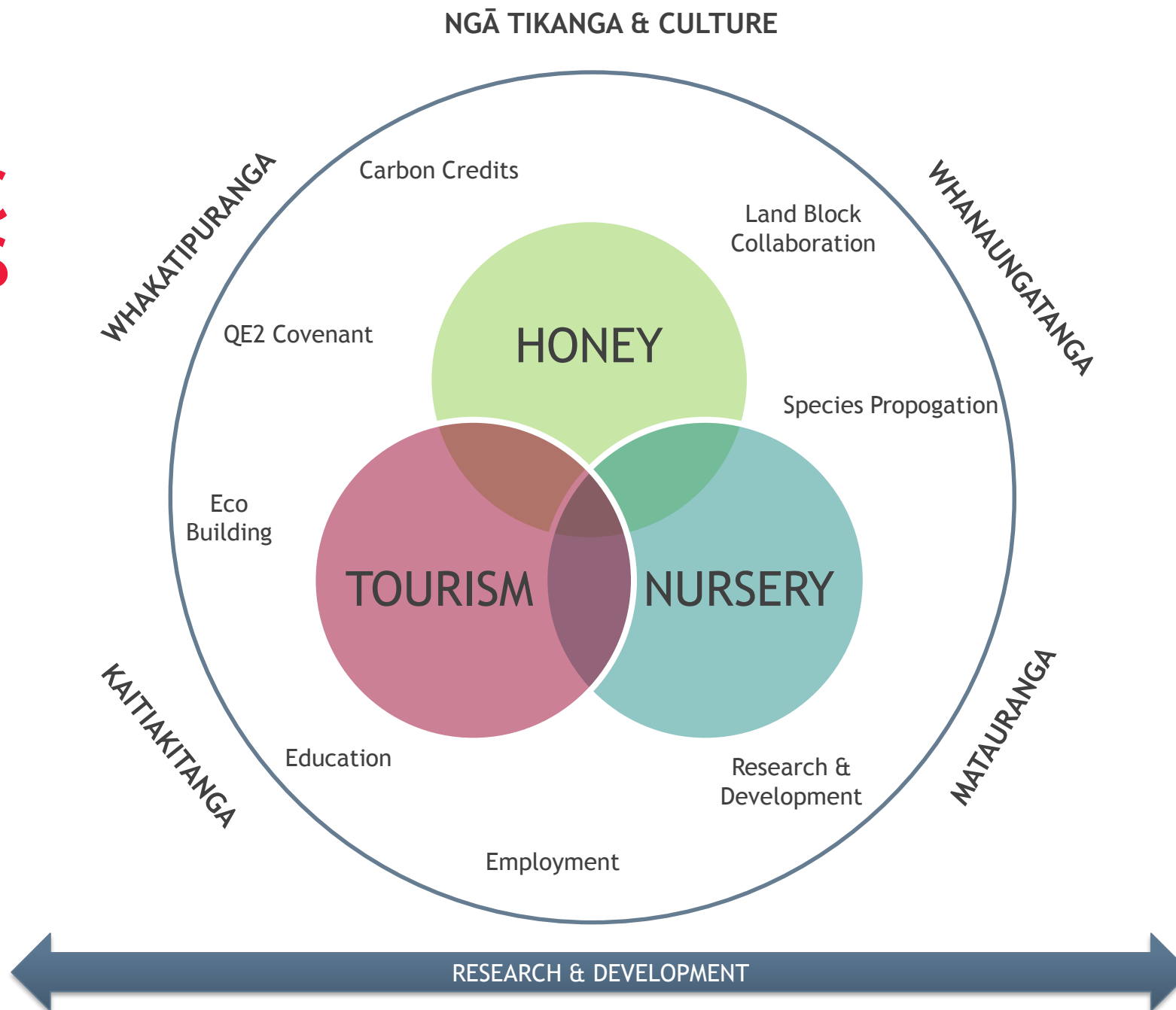
Encompasses emerging opportunities and ability to transform the organisation, including rising entrepreneurial ventures likely to generate substantial profits in the future but not without investment

HORIZON 3

Contains ideas for profitable growth down the road - for instance, small ventures such as research projects, pilot programs, or minority stakes in new business

Source: "The Alchemy of Growth" Baghai, Coley and White (modified)

W5 DRAFT STRATEGIC PRIORITIES





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