

**MINUTES OF THE MEETING OF OWNERS OF OWHAOKO B & D TRUST
HELD AT OPAEA MARAE, TAIHAPE, SATURDAY 19 NOVEMBER 2016**

PRESENT

Trustees:

Richard Steedman (Chairman)
Angus Hartley
Barbara Ball

Cyril Mako
Te Rangiangoa Hawira
Terence Steedman

Owners as per Register: Kepa Patena, Manu Patena, Merv Steedman, Phyllis Blake, Johnny Waitai, Ngaire Anne Kauika-Stevens, Raina Raumati, Terence Steedman, Barbara Ball, Anita Seymour, Tracey Piki Te Ora Hiroa, Angus Hartley, Patricia Cross, LaVern Peakman, Syd Smallman, Peter Steedman, Dian Karatau Sherson, Mason Stoney, Bryan Martin, Marj Heeney, Margaret Whakatihī, Ihipera Whakatihī, Awhina Twomey, Joseph Twomey, Tania Davis, Opa Steedman, Moira Raukawa Haskell, Muriel Pramm

Other Attendees as per Register: John Steedman, Te Rangi Hawira, Clark Kauika-Stevens, Arapiu Seymour, Ian Cross, Leanne Holms, Mason Stoney Jnr, Meretini Bennett-Huxtable, Cyril Mako, Olive Hawira, Kat Stoney, Steve Stoney, Steve Smith and Chris Bowman and Vikki Febery (Westervelt New Zealand), Doug Gartner (Manager), Roreta Kahu and Joanne Matana and Huria Chambers and Taylor Kahu (Asher Group)

The meeting was started with mihimihi and karakia by H Rapana. R Steedman welcomed everyone to the meeting and declared it open at 10.22am.

1. APOLOGIES

Joe Karaitiana, Manu Downes, Mark Ross, Hemi Biddle, Pateriki Patena, Delwyn Te Wiki, Te Irimaurimaramanui Ranginui, Reo Rapana, Herbert Steedman, Manu Downes, Lady Rose Whenuaroa, Puna Williams, Rachel Tanirau (Mana Whenua Whanau Trust), Hinemoa Milne, Hariata Phillips, George Wardlaw (Wardlaw Winiata Te Whaaro Potaka Whanau Trust), Gay and Jim Chapman, Ewen Noble, Robert Tohe Martin, Ross Ihakara Martin, Anthony Taonui Martin, Reece Tokotuku Martin, Raki (Lucky) Manunui, Puti Twomey

Motinitia:

That the apologies be accepted.

J Twomey / T Hiroa

Whakaae!

2. MINUTES OF PREVIOUS MEETING

The minutes of the 22 November 2014 owners meeting were taken as read by the Chairman.

3. MATTERS ARISING FROM PREVIOUS MEETING

(a) Page 9 8. (e) The issue of trustee meeting fees was raised. B Ball advised that the resolution was passed at the last owners meeting. Meetings outside of scheduled meetings are paid at the old rate. The matter will be discussed under General Business.

- (b) Corrections required – remove space between whakaae. Change Terry Steedman to Terence Steedman and add him to the apology list.

Motinitia:

That subject to the above corrections, the minutes of the Meeting of Owners dated 22 November 2014 are a true and correct record.

T Hiroa / S Smallman

Whakaae!

4. CHAIRMAN'S REPORT

The Chairman's report was presented by R Steedman. There were no matters arising from the report.

Motinitia:

That the Chairman's report be received.

R Steedman / A Seymour

Whakaae!

5. GENERAL MANAGER'S REPORT

The General Manager's report was presented by D Gartner. He introduced to owners the three New Zealand Westervelt team members, Steve Smith (Manager, Westervelt New Zealand), Chris Bowman (Operations Manager), Vikki Febery (Marketing Manager). He then proceeded to explain key aspects of the limited partnership arrangement including:

- The partnership was registered on 11 March 2016 as Westervelt Owhaoko Honey Limited Partnership.
- The two limited partners are Westervelt Honey Ltd and the Trust. The General Partner is Westervelt Owhaoko Honey GP Ltd.
- The Trust invested \$900,000 which equated to 15% of ownership interest in the limited partnership. Although the Trust was keen to secure a larger stake in the entity, it was too expensive to do so.
- There is an exit clause in the agreement.
- Dividends will not be paid until the business provides a return, or after 5 years, as the profit is to be reinvested into the business to grow.

K Patena asked if jobs were available to owners and beneficiaries. C Bowman replied that there are ITO courses available for beekeeping and that the Partnership has scheduled a beekeeper training program in Taihape in February 2017. K Patena further queried whether the owners could eventually take total control over the business. D Gartner replied that the Trust has agreed to partner with Westervelt to combine resources and efforts. Owners were also advised that the majority of workers at the Turangi factory are whanau. C Bowman said that there is constant training being offered at the plant.

S Stoney asked if there was a possibility of having a bottling plant in Taihape to provide more jobs. D Gartner replied that a bottling plant in Taihape would not be viable. Instead, given weather conditions, the focus would be the wintering hives.

P Steedman reiterated his concerns as raised at the last owners hui which related to jobs being created outside of Taihape and employment for rangatahi. R Steedman replied that it is the Trust's objective to bring the operations and therefore jobs to Taihape.

On other key matters:

- The Trust completed a sale and buy back arrangement in relation to 63,000 NZUs which were sold for \$7 per unit and are to be repurchased in November 2017 at \$8.08 per unit. The units are currently trading at \$17.
- The beehives have changed the profit and loss significantly, with honey currently earning more income than the hunting venture.
- The Trust is working with Poronui to target clients that may be interested in eco-tourism walking tours and is considering leasing of whenua for guided hunting activities.
- There has been a focus on upgrading the quality of hut accommodation with the intent to then increase fees. Related to this is that the Trust intends to restore the old Golden Hills hut given its historic significance.
- The Trust is investigating the addition of a charitable branch to the Trust's structure. This structure will alleviate tax implications for the Trust.
- The website has been upgraded and owners are encouraged to visit it for information about the Trust and its activities.

Motinitia:

That the General Manager's report be received.

R Raumati / M Mako

Whakaae!

6. ANNUAL ACCOUNTS

A Hartley presented the financial statements for the years ended 30 June 2015 and 30 June 2016. Key points highlighted and discussed during the presentation included:

2015 Annual Accounts

(a) Revenue has increased from 2014 to 2015. The income from the honey has started to have an impact. A Hartley explained that honey was a disruptor that helped changed the direction and focus of the Trust which was otherwise focused on hunting and fishing. The honey has allowed the Trust to grow the business in different ways and allowed the trustees to focus on education and work resources for the owners.

(b) Net profit increased from \$37,899 to \$283,015. A Seymour questioned if the Trust could leverage the increase in profit towards employment opportunities.

(c) A Twomey queried the increase in meeting fees from 2014 to 2015. R Steedman replied that it was due to more meetings being held relating to the honey business. A Twomey suggested an indication of the amount of meetings could have been included to give clarification to owners regarding the increase.

(d) A Hartley explained that the investment monitoring and administration fees were broker fees charged in relation to the Trust's managed funds. He explained that the Trust was with Iwi Investor but then decided to review its investment options with assistance from an independent broker. As a result, the managed funds were restructured with different providers and the broker reports quarterly to the Trust regarding where the money is best invested.

(e) K Patena raised concern regarding the professionals that are engaged by the Trust and queried if there are Maori organisations that can fulfil the roles. R Steedman replied that there is expertise at the Trust table. K Patena said that he would prefer using our own professionals instead of professionals outside of the whanau. A Hartley replied that the Trust is supportive of engaging its own whanau but the skill and experience must match what is required.

(f) A Twomey queried the change in figures relating to the kaumatua grants. A Hartley replied that the grants are paid on a biannual basis aligning with the Annual General Meetings, so the bulk were paid in the meeting year with the remainder paid from the following year's equity. He further advised that the Trust has decided to change the Kaumatua grant to an annual payment.

(g) P Blake queried if the meeting fees and food were for the meetings held with Westervelt. A Hartley explained that the figures relate to the costs of the Trust's representatives only and that these are tracked separately in the accounting system. He further explained that the meeting fees for partnership and honey team meetings were accounted for separately from Trust meetings.

(h) P Steedman referred to the Mokai Patea loan. His understanding was that the loan was given because Mokai Patea were unable to source funding from the Crown Forest Rental Trust. He further stated that Mokai Patea did in fact receive money from the Crown Forest Rental Trust and therefore it should be able to run on the money it has received. He is concerned to ensure that the loan is paid back by Mokai Patea when the settlement is complete.

R Steedman replied that the money from Crown Forest Rental Trust was not enough to fund the claims process. Two groups were receiving funding which had cut the funding in half. Mokai Patea is a combination of four iwi trying to complete settlement. He further advised that it was agreed at the 2009 meeting of Owners that the loan was to be given to Mokai Patea.

A Seymour explained that the loan should be paid back in a timely manner with interest and that the Trust should assist others as well. He said he was more concerned with how the Trust will move forward with the profit made.

A Twomey noted that the reported loan amount included \$80,000 principal plus interest. However she queried the payment date of 2020 as she understood it was a 5 year agreement from when the loan was originally established. She would like a regular payment plan as a show of goodwill and acknowledgement of the loan that was given. She requested clarity on what the payment plan is. R Steedman replied that the Trust will raise this with Mokai Patea. He advised that the entity does not have a lot of money at the moment.

(i) A Twomey queried if the J Gault portrait was purchased as an investment or purchased on behalf of the whanau. A Hartley replied that a tono came to the Trust to purchase the portrait. It is owned by the Trust and the Trust converses with the whanau regarding any sensitive decisions relating to it.

2016 Annual Accounts:

(a) Revenue has increased to \$780,126, with honey being the major contributor. The loss on investments is due to the fact that investment funds were withdrawn to fund the equity contribution to the limited partnership.

(b) Funding was received from the Ministry of Business, Innovation & Employment to assist with advancement of the limited partnership opportunity.

(c) Owners were concerned with the increase in audit fees. R Steedman explained that both the 2015 and 2016 accounts were audited. He further explained that the limited partnership does not have audited accounts which had an impact due to the Trust's auditor having to confirm the unaudited figures to be merged into the Trust's audited figures.

(d) Owners noted an increase in venue hire costs. R Steedman replied that the expense is in relation to a two day planning hui held in Taupo earlier this year.

(e) It was noted that the Westervelt partnership expense should have its own heading to separate it from depreciation expense.

Motinitia:

That the audited financial statements for the years ended 30 June 2015 and 30 June 2016 be received.

M Heeney / P Blake Whakaae!

7. ELECTION OF TRUSTEES

R Steedman advised that there were seven nominees and two trustee positions available to be filled.

The seven nominees are:

- Meretini Bennett-Huxtable
- Cyril Mako
- Te Rangianganoa Hawira
- Ngaire Kauika-Stevens
- Mason Stoney
- Steven Stoney
- Hemi Biddle

H Biddle was removed from the election as he was unable to attend the hui.

The vote counting was undertaken by R Kahu, H Chambers, J Matana and T Kahu from Asher Group.

The results were counted with the two nominees that had the highest number of votes declared as Cyril Mako and Ngaire Kauika-Stevens.

8. GENERAL BUSINESS

a) Limited Partnership: S Smith, C Bowman and V Febery provided a presentation regarding the limited partnership. S Smith gave historical korero about Westervelt. He then explained that the partnership is focussed on marketing and selling a quality product with a UMF (Unique Manuka Factor) of 8 and above. He also confirmed that the partnership does not have any say about decisions relating to Trust lands.

K Patena queried the grading of the honey and its impact on the revenue received. S Smith replied that it is a sliding scale relating to the price. It is based on the amount of cross infection of other nectar and it also can depend on how it is manufactured. UMF10 is a midgrade quality.

Owners were advised that the USA is the largest importer of honey. The company focus is on gaining brand awareness and so the company has hired a local marketer for the product.

K Patena stated that if the whenua is utilised then the company should utilise the tangata whenua. C Bowman replied that they have employed some Maori already.

P Steedman commented on the growth of the commercial hybrid of manuka, utilising different cultivar and building into hedges to get a better growth of flower. It was noted that utilising seed from its own geographical region results in better growth. There have been trials on Poronui this year but there have not been any improved strains identified yet. P Steedman recalled that he and Mark Ross collected manuka seeds from the Owhaoko blocks 10 years ago.

Some concern was raised over where the Trust and the owners were placed within the Partnership. Discussion was also had regarding the branding and what it entailed for the Trust and owners. S Smith reiterated to the owners that the arrangement is a partnership.

b) Acknowledgement: T Hiroa thanked trustees for the hard work that they have put into the business as it has put the Trust on the playing field and kept it progressing forward.

c) Trustee Meeting Fees: Owners were advised that these are paid at \$500 every full Trust meeting, with other Trust related meetings paid at the old meeting fee rate of \$250.

d) Annual General Meetings: Discussion was had regarding holding annual general meetings instead of biannual meetings. R Steedman advised that the topic will be included on the agenda of the next Trust hui for reporting back to owners at the next owners meeting. A Twomey said that she did not want the cost of annual general meetings to be a factor and that the meetings should align with the kaumatua grants.

Karakia Whakamutunga: H Rapana at 1.40pm.

CONFIRMED AS A TRUE AND CORRECT RECORD.



25 February 2017

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CHAIRMAN

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DATE