

A photograph of a rural farm scene. In the foreground, a rustic wooden fence made of three horizontal logs runs across the frame. Behind the fence, a brown and white cow with a red ear tag is visible. The background features a light-colored house with a red roof, surrounded by trees and a hazy, sunlit landscape. The text is overlaid in white, bold, sans-serif font.

TE MANAWA O TUHOE TRUST

2021

SPECIAL GENERAL  
MEETING REPORT



# Agenda

2021 Special General Meeting Report 2021

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## **Karakia & Mihi**

01 Our Vision, Our Mission

02 Our Values

03 Chair's Report

04 Highlights and Key Updates

05 Business Unit Reports

06 Nation Logging Limited

07 Resolution - Change of Auditor



## **Karakia Whakamutunga**

# Our Vision Our Mission

## Our Vision

Te Manawa O Tuhoe is a leading world class Maori enterprise.

## Our Mission

The protection and growth of our taonga through sustainable development of all current and future business engagements.







# Our Values

## Pono

First & foremost this value is based on having integrity in everything we do, which is about operating to the highest ethical standards which are intended to promote transparency and accountability;

## Rangatiratanga

This is based on the value of having dynamic governance as well as management, leadership, accountability, transparency and vision;

## Kaitiakitanga

O nga taonga tuku iho mo nga uri whakaheke - te reo, nga tikanga, nga matauranga, te whenua, nga awa me nga maunga;

## Manaakitanga

This is about valuing and respecting our beneficial owners, our customers, suppliers, employees and others according to the principles of Tuhoetanga;

## Whanaungatanga

This is based on the value of growing and maintaining meaningful and sustainable relationships.





# Chairs Report

## Chairs Report

**Nō Toi nō Pōtiki te whenua  
Nō Tūhoe te mana me te rangatiratanga**

**Ko te Manawa o Tūhoe tēnei  
Manawa mai ai te putanga o te taura  
Manawa mai ai te putanga o te tauira  
Manawa mai ai te putanga o te ariki  
Ka eke ki te Toi o ngā rangi  
Ki te ikeiketanga o te taumata  
Tihei Mauri ora!**

I te ata hāpara ka rongō i te tangi o ngā manu o te wao  
Horo kau ana te tangi o ngā kamo mō rātau kua ngaro  
ki te pō

Ka tangi hoki ko rātau kua whitia te mahau tārearea a  
Maui-tikitiki-a-taranga

kua tomo i te whare o Hine-nui-te-pō!

Okioki atu koutou e!

Tēna ra tātau katoa!

# Chairs Report

Special General Meeting 2021

## Te Tau 2020

It is a pleasure to present this report of Te Manawa o Tūhoe to our beneficiaries.

The Trust remains committed to building on the vision and aspirations set by our forefathers in 1973. Embedded in our practices are our mātāpono and tikanga ihonui as Tūhoe, that guide our decisions and actions in a manner consistent with the trust our members have bestowed on us to “protect and grow the assets,” on their behalf.

Despite the world-wide lockdowns and restrictions caused by the COVID-19 pandemic, we are still able to report some positive outcomes for 2020.

This annual report provides an update of the significant work streams that commenced some time ago. Notably, we report back on the restructure of the Trust and its business units.

## Right sizing the Organisation

A large focus of 2020 was to right size the organisation by addressing the Trust structure and business units to optimize performance and benefits to our members. A health check was conducted by an external consultant in 2019, and several recommendations were identified as a way of reducing expenses to improve the overall financial performance of the Trust. We are now seeing the positive result of the restructure that has taken place incrementally across the business units which are expanded on within this annual report. This change process was not without its challenges, and I want to thank the Acting General Manager as well as previous and current staff for their commitment and work to advance the interest of Te Manawa and its members.

# Chairs Report

Special General Meeting 2021

## Performance of the Trust Entities

Reports on the performance of the business units are in this report and I encourage you to read these. These highlight the good results and reflect the early positive impact of the restructure and associated work streams.

## Hātupere

The focus for Hātupere in the last year has been to continue to improve the efficiencies of the farm including increasing revenue, a reduction in expenses and notably a greater focus on improving the farm's impact on the environment.

A number of key initiatives were implemented:

1. Upgrade of the milk plant which resulted in immediate performance improvements in both production and corresponding income generation.
2. Establishment of an operations management team comprising farm manager, farm consultant, trust accountant and acting general manager to review on a monthly basis planning, cost efficiencies and budget impacts.
3. The development of an environmental plan for the farm and a partnership with Ag Research on related environmental projects.





# Chairs Report

Special General Meeting 2021

## Paekoa Dairy Support Unit

The transition of the Paekoa Dry Stock Unit to be a Support Unit for the Hātupere Dairy Farm. The decision was made to restructure Paekoa and to refocus the farm as it was originally intended as principally a support unit for the Hātupere Dairy Farm to raise quality replacement heifers for the dairy farm.

I would like to acknowledge and thank the Paekoa team for their understanding and collaboration through this process. The Paekoa Manager has continued his excellent work of raising top quality replacement heifers for the dairy farm that contributes to the overall performance of our farming operations and Paekoa Support Unit continues to have a positive future.





## Nation Logging Limited

An independent review was undertaken of Nation Logging Limited to ascertain if the Trust should seek to:

- I. Maintain the status quo
- II. Move to a standalone operation
- III. Close the NLL operations

The review highlighted that NLL was technically operating while insolvent, and led to the decision to 'wind up' the company. This was not an easy decision for the Trust however, it was the financially prudent decision that we made in the best interests of our beneficiaries. I want to emphasize that the winding up of the company does not negate the social benefits that accrued to Tūhoe during Nation Logging's operations.

I therefore take the opportunity to mihi to previous trustees, directors and NLL staff for their commitment, contribution, and endeavors to make this a financially viable operation in what we know is a very challenging industry to succeed in.





# Chairs Report

Special General Meeting 2021

## Covid-19

The pandemic has been the single biggest challenge throughout the globe, and this was also the case for the Trust. Government assistance was sought and appreciated. Our Acting General Manager made all the necessary H&S precautions to ensure the organisation operated under the correct protocols throughout the appropriate central government led alert levels, and we continue to update our procedures as changes occur.

## Strategic Plan Refresh

The Trustees have undertaken to revise the Trust Strategic Plan and Business Plan, and this is in progress. The high-level strategic vision, mission, tikanga, kaupapa and priorities have been defined. The next part of the process is to implement the Business Plan.

Additionally, the board has started reviewing old policies and developing new policies which will clarify our decision-making processes. Our intention is to make these policies available on our website as they are completed.





## Protection of Interests

I would like to reinforce that ultimately the Trust exists for your benefit. The Board is keen to hear from you as we progress along the future pathway that is outlined in Strategic plan.

I take this opportunity to ask you to think of ways the Trust should be meeting our obligations to you and provide guidance on how we best do this. To initiate the thinking, we pose the following questions for your consideration:

- I. What do you consider are the areas within the strategic plan where most effort should be directed?
- II. What type of investments are you most comfortable with?
- III. How best to achieve communication with you?

Looking back over the year, our Trust and kaimahi have demonstrated resilience, perseverance, and leadership to create as much stability as possible to steady our waka as we navigated the challenges of Covid-19, while addressing some major changes within the organisation. In closing, on behalf of the Trustees, I wish to thank the management and staff of our respective business units, and all our whānau that have contributed to our journey over the past year. Each of you plays a vital part in contributing to the vision of Te Manawa.

***Nga mihi***

***Ngatai Rangihau, Chair***







# Highlights and Key Updates

## Trust Business Restructure Completed

The Trust undertook an internal review of its operations using an independent expert. It was recommended that the Trust restructure its operations to improve efficiency and returns. This process was commenced in October 2019 and is now complete.

## Move to profitability

The restructure of the Trust operations, in conjunction with improving dairy returns, has seen the Trust move from cash deficits in the 2019 financial year to cash surpluses in 2020 and 2021.

## Strategic & Business Plans Updated

The Trustees undertook an update of the Trust Strategic and Business Plans with the assistance of GHA Rotorua. The revised Strategic Plan will be made available on the website.



# Effect of the Restructure

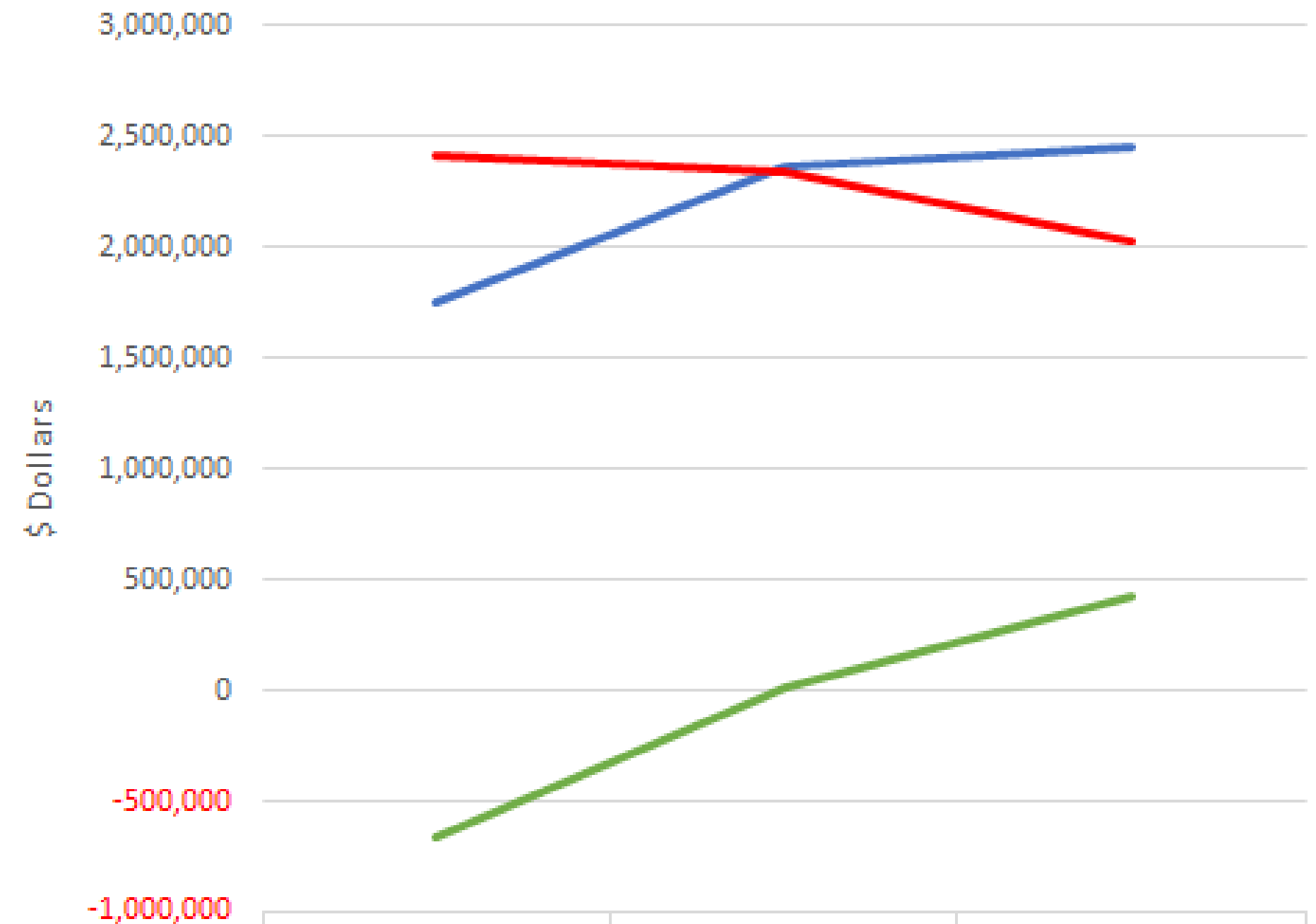
2019 to 2021

## Profitability has increased

The restructure has seen income increase \$700,745 between 2019 and 2021 while expenses decreased \$390,756, resulting in increased profitability for the Trust. The Trust moved from a (\$663,000) cash loss in 2019 to a \$428,299 cash profit in 2021.



### Financial Results 2019 to 2021



	2019	2020	2021
Income	1,752,523	2,362,762	2,453,268
Expenses	2,415,725	2,345,450	2,024,969
Net Profit	-663,202	17,311	428,299



# Hatupere Farm Update

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Our largest business unit  
contributed the most revenue  
at

84%

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Cam Mitchell - Contract Milker on Hatupere Pamu







# Hatupere Pamu

## Hatupere Farm report

The focus for Hatupere has been to continue to improve efficiencies on farm, including improved income and reduced expenses.

Last season we ran into issues with high somatic cell counts which significantly impacted production and herd health. It was identified that the milking plant was the cause of the mastitis issues and after attempting to repair the plant, it was decided to replace it.

A thorough due diligence process was implemented and the plant was replaced along with the teat spray system, resulting in immediate improvements in production and herd health. The new season has started extremely well with the milking plant performing better than expected, the calving rate is above average and there has been positive improvements in production.

A key aspect of the improvements has been setting up an operations management team including the Contract Milker, General Manager, Farm Advisor and Accountant. Monthly review meetings are held to review performance against budget, plan for future operations and make informed and effective decisions.



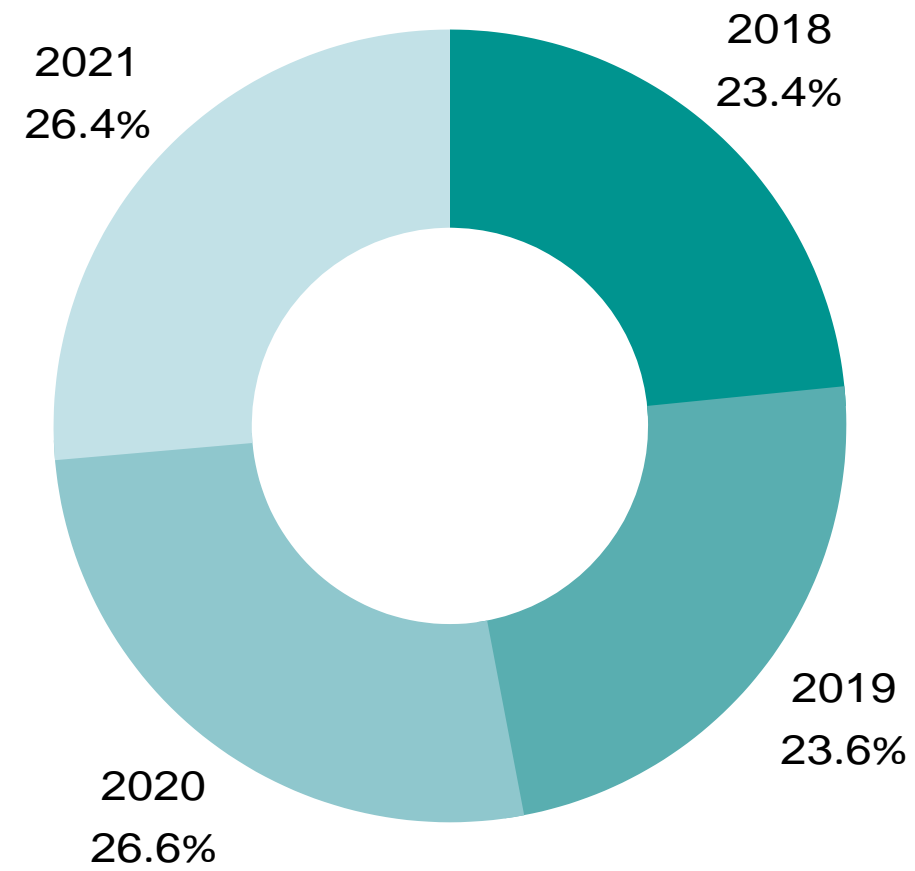
# Hatupere Pamu

## Farm Report

Improving our impact on the environment is the most important commitment for the Trust for the future, and to this end, we are working on an Environmental Plan for the farm, and the replacement and improvement of the effluent ponds to meet the new Government Environmental requirements and consents by 2024. Reduction of Nitrogen use and improvements in stock feed and utilization are also a focus. The Trust has engaged with Ag Research on some of these projects. Cam and his team continue to do an excellent job operating the farm, and with improved production and a high farm-gate milk price being forecasted for the current season, we anticipate continued positive results for the season.





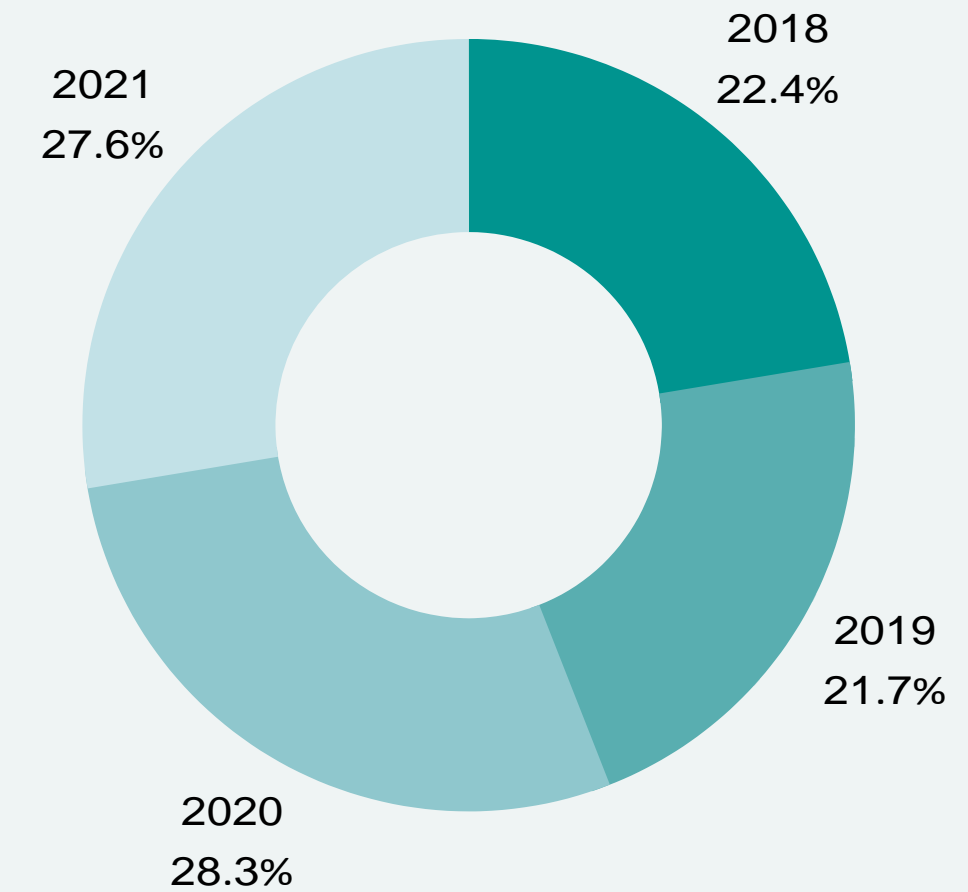


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**238,662.75**  
**MsKg**

Average Production MsKg

(+12.5% over the periods)



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**\$1,660,138**

Average revenue

(+23.4% over the period)



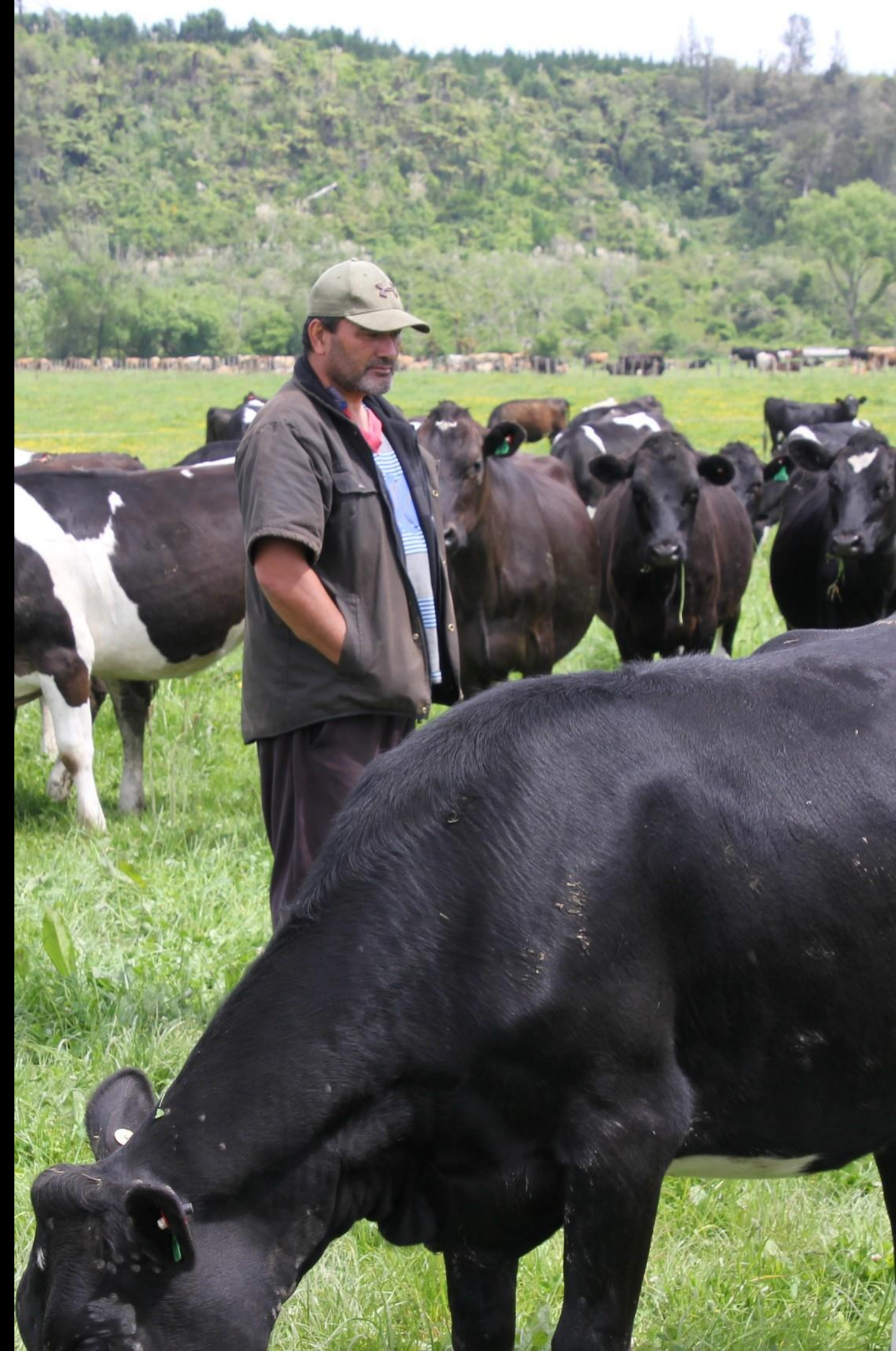
## Paekoa Farm Update

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Significant support unit for Hatupere Farm  
rearing 169 replacement Heifers and 8 Beef  
animals

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Henry Rogers, Paekoa Farm Manager







## Paekoa Farm Report

The purpose of Paekoa in recent years has been to rear replacement Heifers for Hatupere and to raise beef animals for sale. Paekoa is made up of both Trust owned land and blocks leased from other Trusts.

Late last year two of these lease blocks came to the end of their contracts and were taken back by their respective Trusts. At the same time COVID-19 and other factors impacted on the global sale of beef and a major reduction in financial returns from beef sales. A decision was made to restructure Paekoa, and to refocus on its original core role as a support Hatupere Pamu. With the cooperation of the Paekoa staff the restructure was completed to reflect the smaller land mass available, and to operate solely as a support unit. The Trust would like to acknowledge and thank the Paekoa team for their understanding and collaboration through this process.

Henry has continued his excellent work in rearing top quality replacement Heifers for the dairy farm. This makes a significant contribution to the overall performance of the farming operations, and Paekoa continues to have a positive future.





# Forestry

## Forestry Report

The Te Manawa O Tuhoe forest estate covers approximately 9,500 hectares, stretching from Ruatoki, down Te Ikawhenua Range to Waiohau. The Trust has control of the Ahimanawa block and some of those in Waiohau, while the Tuhoe Forest is under lease to OTPP and another Waiohau block is leased to the Tuhoe Charitable Trust. The leasing of the Forestry Blocks is an important source of revenue for the Trust, and is the second largest revenue stream after Hatupere Pamu.

The Trust is currently looking at options to, thin to waste and/or prune the Ahimanawa and Waiohau blocks under the Trust control, and has instigated discussions with independent forestry companies, as well as independent forestry experts as to how to maximise the potential value of the of the trees presently, and at the point they are harvested. These investigations are on-going.

The Trust is also in wider discussions to undertake a full review of the Forest Estate and its potential for the future.





## Health & Safety Report

It is pleasing to report that all workers within the Trusts operations have continued with their excellent performance regarding Health and Safety, and there have been no off-work injuries or major incidents reported in the past year.

The focus this year has been on consolidation, and a lot of work has gone into regularly reviewing and updating our Health and Safety policies and procedures to ensure that we keep up with the ever-changing legislation and regulations.

The focus for the coming year will be an independent review of our policies and procedures, worker training, and continuing to ensure that the number one Health and Safety priority is the health and wellbeing of everyone in Te Manawa O Tuhoe, and that everyone goes home safe and well at the end of the day.





# Management

## Management Report

A significant part of the internal review was focused on the Trusts internal structures, and whether the organisation was "right sized" for its needs. The internal review concluded that a smaller, more agile and more cost-effective management unit was better suited to the Trust's needs. As such the Trust down sized its management operations and as a result has seen significant cost reduction for the Trust, while allowing for the continued operation of the Trust business.

Mike Christini has been appointed as the acting General Manager of the Trust operations and oversees the business units in conjunction with the managers. External advisors also contribute to the management of the Trust business as required.



A photograph of a chainsaw and a helmet resting on a log in a forest. The chainsaw is orange and black, with the brand name 'STIHL' visible. The helmet is black and has a chin strap. The background is a dense forest of green trees.

# Nation Logging Limited GHA Review Summary

## Nation Logging Review Summary

GHA was engaged by Te Manawa o Tūhoe to review Nation Logging (“NLL”). We concluded from our review that NLL could not leverage its ownership and relationship opportunities or address the challenges of forest harvesting sufficiently for the company to be financially viable. We note that NLL’s strong kaupapa and substantial ongoing benefits to kaimahi would have been appealing when considering NLL’s viability, but on balance, NLL’s liquidation was the only logical solution.

### Key Findings:

- NLL had total losses of almost \$2.73m and only made a net profit in a single year (2017).
- TMOT had to invest \$2.76m into NLL for it to remain solvent.
- Losses were driven by production volumes being well below what was budgeted, and increased expenses when working outside of the rohe.
- NLL was technically insolvent as of May 2021 with a net deficit of approximately \$583,097, a negative current ratio (0.27) and negative equity of \$1,943,081.

While jobs were created, the business was losing a lot of money that was going to have a substantial impact on Te Manawa o Tūhoe.



## Nation Logging Ltd - Liquidators Report

On 3 September 2021 Thomas Lee Rodewald of Rodewald Consulting Limited was appointed Liquidator of the above company by resolution of the trustees of Te Manawa O Tuhoe Trust. This appointment follows the receipt of an investigating accountant's report from Glenn Hawkins of GHA Chartered Accountants.

The report received confirmed the Company was heavily insolvent and no restructure was possible in the circumstances. Glenn Hawkins recommended Rodewald Consulting be approached to act as the Company liquidator.

The Company assets were identified and to date all minor assets have been sold. The two major assets with a value of between \$400,00 to \$600,000 remain for sale.

On the appointment of a liquidator one secured creditor took possession of the highest value asset. It is estimated the true value of this asset will result in a loss to this particular secured creditor exceeding \$200,000.



# Nation Logging Limited (In Liquidation) Report



## Nation Logging Ltd - Liquidators Report

The Company's bankers are working with the liquidator and have advised they will not be appointing a receiver.

Four assets owned by Te Manawa O Tuhoe Trust were recovered and have since been sold with these funds being paid to the Trust.

The liquidator believes there will be a recovery for unsecured creditors including the Trust on completion of the liquidation. The dividend however will be minor.

The liquidator has yet to finalize the level of creditors.

The liquidator has agreed with the trustees that he should not accept low up-front bids for the two major assets but rather await a fair offer based on what is believed to be a realistic market value.

With funding from the Trust outstanding staff wages and holiday pay has been paid. Once the two major assets are sold this funding will be repaid.

The liquidator can be contacted on 021 2277408 if there are any queries.



# Nation Logging Limited (In Liquidation) Report



*Whakamutunga  
Karakia*

