



PĀNUI

NGĀTI MUTUNGA O WHAREKAURI IWI TRUST

MIHIMIHI | JULY 2010

Tēna kōutou te whānau o Ngāti Mutunga o Wharekauri.
Ngā mihi nui kia koutou. Ngā mihi aroha kia rātou kua wheturangitia.
No reira, He aha te mea nui o te ao?
He tangata, he tangata, he tangata.

UPDATE FROM THE CHAIR

Kiaora whānau

Well, we're now 3 months into our 'new world'. I can't begin to say just how happy I am that we have delivered on what we said we would. I know that we have all been deeply concerned at the high expenditure of the Iwi Trust in past years. I know that we had to tell you at our AGM last November that we were not in a position to reduce it in the 2009/2010 financial year. But equally the Trustees and I gave you an absolute commitment to reduce overheads in the new 2010/2011 financial year. Of course the proof of the pudding is always in the eating.

So it's with great pleasure that I can tell you that we are on target to halving our expenditure in this financial year. In the first 3 months of this year we've spent just over \$75,000 in overhead expenses. This puts us on track to achieve our target of \$385,000 and means we have already made more profit in three months than we did in the entire previous year. You'll see a budget summary included later in the annual plan later in the panui.

I'm also thrilled we are holding our AGM on time this year. You'll have received notification of it by now. It's also in this Pānui. We are going to repeat the process we used last year and come out to New Zealand for follow up hui. And we are going to go back to a more tikanga based approach and will try to hold all our hui on Marae.

Critical to our AGM is the voting for Trustees. We have two positions up, one Chatham Island and the Te Waipounamu vacancy. Well, I can already confirm one appointment. Well done to Mark-Shane Tuuta who will be the Te Waipounamu person appointed to the Iwi Trust. So just one to confirm! I really urge you to make your opinion known by voting. If your contact details have changed, could you please let the Iwi Trust office know?

When I last communicated with you, I let you know that the issue of our distributions policy had not been

settled and was still on the agenda. The majority of you asked for more consultation on the Hokinga Mai and Pūtea Tautoko distribution proposals. Equally the majority of you gave overwhelming support for the Pūtea Whanaungatanga to proceed. Well, it's now live. Application forms can be obtained from the Iwi Trust office. The remaining two distribution suggestions remain on the table for discussion with you.

I'd also previously outlined our decision to:

- 1 Centralise all commercial activities under the Asset Holding Company (AHC).
- 2 Increase the size of the AHC Board and carry out an election for the entire Board
- 3 Split executive responsibilities between Trust and AHC and contract specialist support for functions such as communications and finance.

Well, we've done it! You already have been notified of the consolidations of our Asset Holding Company. What I'm most proud of is the composition of our Asset Holding Company Board. We have a formidable, Ngāti Mutunga dominant, board. It is chaired by Jaime Tuuta and now has the welcome addition of Tom McClurg and Joseph Thomas who have agreed to come on-board. And Robin Page has remained to ensure continuity and an island based industry voice. Lastly we have the remarkable skills of Andrew Harrison who will act as an Executive Director allowing for an independent focus on the AHC activities. There's a great blurb on these people further in this Pānui.

Whānau, I want to discuss the treaty settlements process with you. We have had some great initial work undertaken by the Claims Working Group led by Jack Daymond and George Goomes. The Iwi Trust now wants to assist the CWG in taking the lead on moving to mandate. The Iwi Trust has agreed to confirm our mandate to proceed with our Iwi. We will canvass →

UPDATE FROM THE CHAIR

➔ the matter with you at the AGM and consultation hui in August.

We have begun work on treaty matters. Jamie Tuuta and myself as Trustees, and Ward Kamo as Interim Trust Secretary met with the Minister of Treaty of Waitangi Settlements, Chris Finlayson, in May. The Minister had requested the hui and had included interested Ngāti Mutunga individuals as well as Moriori. There is a fuller report on this in the pānui. Suffice to say, the Minister has indicated his desire to ensure Te Whaanga is excluded from any replacement legislation to the Foreshore and Seabed Act. We took the opportunity to ask that Wharekauri also be excluded from any replacement legislation.

Whānau, I'm very proud of the progress the Iwi Trust has made. The move to mandate represents a significant move forward for Ngāti Mutunga. This continues our pledge to you to make significant and measurable

progress across a number of matters including:

- 1 The reigning in of costs
- 2 The realigning of resources to better achieve our strategic direction
- 3 Confirming the first tranche of our distributions policy
- 4 Ensuring we communicate more often with you (On average 30 new people view our website each week)
- 5 Advancing our treaty settlements.

The Trustees are receiving more and more positive feedback. We are clearly getting things right, on "The Pathway Forward."

Keep in touch all, and I'll do likewise.

Noho ora mai
PAULA PAGE

HUI WITH MINISTER FOR TREATY OF WAITANGI NEGOTIATIONS - HON CHRIS FINLAYSON

An invitation was extended to the Iwi Trust to attend a meeting in Wellington with the Minister of Treaty of Waitangi Negotiations Hon Chris Finlayson on Wednesday the 19th of May. Jamie Tuuta and I attended as Iwi Trust representatives, and Ward Kamo attended as Interim Trust Secretary.

The Minister had requested the Hui with Wharekauri Iwi representatives so he could outline the Government's Foreshore and Seabed review, discuss the status of Te Whaanga, and canvas broad views of a possible Treaty settlement for Wharekauri.

The meeting was very positive, with the Minister outlining his thinking regarding Te Whaanga. He outlined his view that Te Whaanga should be set aside from any review legislation. He shared his understanding of our relationship to Te Whaanga and the circumstances of the eleventh hour inclusion of Te Whaanga in the Foreshore and Seabed Act 2004 and the flow-on impact that has had for us. Overall, the Minister has a healthy view of our situation that bodes well for our Iwi.

The wider issue of the Foreshore and Seabed was discussed. The Iwi Trust remains of the view that Wharekauri is unique and distinct and therefore should be treated this way in any review of the Foreshore and Seabed Act. Although there remains a high likelihood that Ngāti Mutunga would be able to meet legal tests established under the previous Foreshore and Seabed legislation and those proposed as part of the current review it is preferable that an alternative approach

be developed – this may include direct negotiation with the Crown. As with Te Whaanga we requested that Wharekauri as a whole be set aside from any replacement regime for the Foreshore and Seabed Act with a view to ongoing discussions at Treaty settlement time. The Minister undertook to consider this and revert back to us within 10 days.

The Minister outlined his desire to enter settlement negotiations with Wharekauri Iwi to resolve our longstanding grievances. We discussed the various settlement mechanisms and what might be achieved more broadly through a Treaty Settlement to benefit Ngāti Mutunga and Wharekauri. We reiterated our intention to seek a mandate on behalf of Ngāti Mutunga. We also outlined our desire to see the settlement process focus on the longstanding issues of Wharekauri economic, social and cultural wellbeing. Our view is to see a settlement that not only promotes the mana of Ngāti Mutunga o Wharekauri, but that also significantly contributes to a sustainable Wharekauri community for all of our tamariki and mokopuna.

The hui concluded with the Minister giving an undertaking to outline to us his views on a way forward within the next few weeks. We extended an invitation to him to visit us on-island which he has accepted subject to a suitable date.

Overall, the hui represents a positive and exciting step forward for us. We shared our hui time with our Moriori counterparts and we all engaged in a frank, collegial and reassuring korero on matters that we share much in common – and that includes the Crown as well.

We'll keep you all updated as matters progress.

CHANGES TO TRUSTEE REPRESENTATION

Kiaora te whānau

In the February pānui, beneficiaries were notified of proposed changes to the Trust Deed stemming from the clear messages Trustees received from Ngāti Mutunga o Wharekauri during the 2009 consultation rounds.

In April you were asked to approve a number of trust deed changes. The two resolutions were:

Resolution 1

To approve the special resolutions that will reduce Trustee numbers from 9 to 7 by reducing Wharekauri Trustee representation from 7 to 5.

Resolution 2

To approve the special resolutions that will streamline all voting processes in the Trust Deed by requiring all elections be run by an independent returning officer.

These resolutions were passed with overwhelming majorities

(87.79% and 90.84% respectively).

These changes are significant. They will:

- Increase Trust Board effectiveness
- Decrease Trust Board overhead costs
- Ensure the privacy and security of your vote by requiring independent electoral officers conduct all Iwi Trust voting processes

Most importantly, these changes were made in direct response to the Ngāti Mutunga o Wharekauri whānau who overwhelmingly asked for them, and then approved them.

NEW TRUST ADMINISTRATOR

The Iwi Trust is pleased to announce that Jo Clark has taken up the position of Trust Administrator. This is a part time role. Jo has a fantastic background – she worked as the Resource Consents administrator for Lakes Environmental Limited in Queenstown – and most importantly, was the Office Manager for Te One School. Her tāne is a Ngāti Kahungunu and she's becoming a good Chatham Islander.

ANNUAL GENERAL MEETING

In accordance with the Trust Deed, Notice is given that the Annual General Meeting of the Ngāti Mutunga o Wharekauri Iwi Trust will commence at 10.00am on Saturday 21 August at Whakamaharatanga Marae, Te One, on Wharekauri, Chatham Islands. The Christchurch AGM Consultation hui is at Rehua Marae, Springfield Rd, Christchurch on Sunday 29 August. The Wellington AGM Consultation hui is at Hongoeka Marae, Plimmerton 10.00am Saturday 28 August.

INTENTION TO MANDATE

During the 2009 consultation rounds, Ngāti Mutunga o Wharekauri whānau sent a clear message to the Trustees to proceed to mandate this year. Trustees considered the matter at their June hui and agreed to ask the whānau to confirm their mandate to settle the Ngāti Mutunga o Wharekauri claim with the Crown.

The Trust Deed already gives Trustees power to pursue the Treaty of Waitangi claim on behalf of the Iwi. The Iwi Trust is the Mandated Iwi Organisation for the fisheries settlement, and under 7.1.1 of the Trust Deed the Iwi Trust:

- Will be the repository of the collective Tino Rangatiratanga of Ngāti Mutunga o Wharekauri
- Represent(s) the collective interest of Ngāti Mutunga o Wharekauri and is the legal representative of Ngāti Mutunga o Wharekauri in relation to that collective interest
- Will make and pursue the settlement of claims on behalf and for the benefit of Ngāti Mutunga o Wharekauri under the provisions of the Treaty of Waitangi Act 1975

These provisions were ratified in 2004 by our Ngāti Mutunga o Wharekauri Iwi. The object now, is to confirm that mandate pursuant to Crown and Office of Treaty Settlement requirements.

The Iwi Trust had previously committed to a timetable that was outlined during the 2009 AGM rounds:

- April / June 2010 – mandate process agreed with OTS
- July / August 2010 – mandating consultation with beneficiaries
- September to December 2010 – Mandated Iwi Representatives appointed
- 2011/12 – Negotiate with Crown and receive settlement assets into PGSE

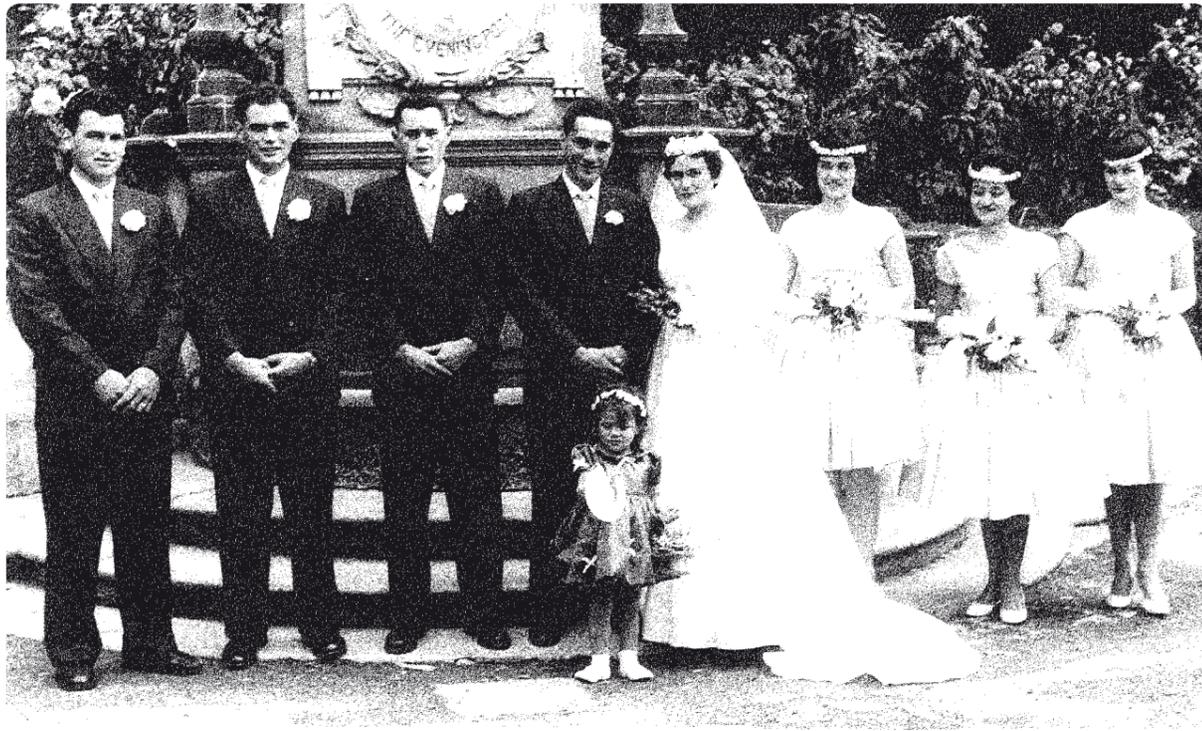
The timetable above will need to be modified. OTS, via the Minister of Treaty Settlements, Chris Finlayson, has indicated that current settlement processes with Ngā Puhi and other Iwi has pushed their timetable toward the end of 2010.

Crucial to this stated position is the need to bring together all aspects of work done to progress the claim. The Iwi Trust will look to build on the work undertaken by the Claims Working Group and to support overall progress to achieve our overdue settlement.

The Iwi Trust will take the opportunity at the AGM and during the Wellington and Christchurch consultation rounds, to discuss the process to mandate, and ultimately settlement. We will outline the mandating and settlement process and detail the proposed process to confirm mandate with you.

This is a crucial time for our Iwi and this process will do much to 'here ai tatou hei whānau kotahi'.

Kiaora



50TH WEDDING ANNIVERSARY

Clifford and Eileen Whitiri celebrated their 50th Wedding Anniversary on 7th May 2010 at home on the Chatham Islands (Wharekauri)

They were both born and brought up on Wharekauri, were married at St Peters Church, Wellington, by

Reverend Kingi Ihaka, and returned home to live in the Crayfish Boom, 1967.

From left: Albert Tuuta, George Page, Joseph Goomes, Clifford, Eileen, Jeanette Page, Emma Reynolds, Elanor Amaru (Page) Patricia Siaoasi (Page)



ST BEDES DRAGON BOAT BOYS

Ngāti Mutunga tane were a strong force in the 2010 St Bede's College Dragon Boat squad. St Bede's won silver at both the South Island and National Dragon Boat Championships. They were pipped at the post at the National Championship Regatta held at Lake Hood in March this year by Shirley Boys High School, by two 10ths of a second, just a dragons whisker! Kia kaha boys, tu meke!

From left: Jake Thomas (ChCh), Regan Gregory-Hunt (Chms), Manuel Kelly-Goomes (Chms) and Beau Gregory-Hunt (Chms).

AN UPDATE OF OUR ASSETS

Group Financial Overview for the three months ending 30 June 2010

	1st Quarter 2011	2011 Budget	2010
Net Asset Holding Company Income	\$418,086	\$1,035,000	\$995,133
Less Iwi Trust Governance & Operating Expenses	\$75,045	\$305,000	\$658,887
Less Iwi Trust Distributions and Panui		\$80,000	\$31,168
Net Surplus	\$343,041	\$650,000	\$305,078

In accordance with previous commitments the Iwi Trust Governance and Operating Expenses are budgeted to reduce by over 50% (\$325,000) in the current year, a massive decrease that allows \$50,000 to be allocated to Putea Whanaungatanga Fund while still allowing the budgeted net surplus to be invested in the Asset Holding Company to more than double to \$650,000.

It is pleasing to see after the first quarter of the new year the Iwi Trust and AHC are on target to achieve this with Iwi Trust overheads in line with budget.

Although the Group is still forecasting a net surplus of \$650,000 there are some significant risks to achieving it that should be noted:

- The extent of further Orange Roughy TACC cuts for the 2010-11 season
- If the Paua ACE prices don't recover as expected for the 2010-11 season as especially given the industry agreement to a 20% shelving of TACC for the season
- Additional travel costs to those budgeted for Iwi hui
- Additional costs than budgeted to resolve legacy issues with the old Iwi Trust and Runanga

The strong performance year to date (including the reduced overheads has already allowed cash investments to grow from just under \$3.8m to just under \$4.2m, which provides a strong putea to invest prudently in opportunities that fit our investment strategy.

Governance

After the consolidation of the activities of Motuhara Fisheries Ltd into the Asset Holding Company, the Trust Board appointed a new board of directors. This is a strong and balanced board comprising of:

- Jamie Tuuta (Chair) – Ngāti Mutunga and played a significant role in the negotiation of Ngāti Mutunga Taranaki settlement and the subsequent development of the Iwi organisation over the past years. Jamie has significant commercial governance experience that currently includes being chair of Parininihi ki Waitotara Incorporation and being a member of the Investment Advisory Panel for the Primary Growth Partnership.
- Tom McClurg – Ngāti Mutunga with a long and successful involvement in the Māori Seafood industry culminating as General Manager of Strategy and

Planning for Aoteroa Fisheries Limited. Tom now runs his own consulting company, Toroa Strategy Ltd, offering advice to companies operating in a range of sectors, including being engaged by the World Bank to provide fisheries management and fisheries development expertise.

- Joseph Thomas – Ngāti Mutunga and a long-time Chatham Island resident, Joseph was previously Chief Executive of the Chatham Island Enterprise Trust and is currently a Senior Consultant with Polson Higgs & Co, a Chartered Accountants and Advisory firm in Christchurch
- Robin Page – Ngāti Mutunga and a local fisher whose family have been fishers on the Chathams for several generations. Robin has had significant local fisheries governance experience which includes founding Executive Member of Cramac 6, Pau Mac 4 Executive, and the Rock Lobster Industry Council.
- Andrew Harrison – Andrew is currently Managing Director of Koau Capital Partners Ltd, a firm providing asset management and advisory services within the Māori economy. Andrew worked for the Ngāi Tahu Group for six years, most recently as the Chief Operating Officer of Ngāi Tahu Holdings Corporation (NTHC).

Since starting the new board has been busy developing and approving a Statement of Investment Strategy and Policy and an Annual Plan for the 2010-11 year. These have both been ratified by the Trust Board and provide a strong and exciting path forward for AHC. Please read the one page summaries later in the panui.

Treasury Management

Now the investment strategy has been approved AHC will be targeting acquisition of Chatham Island inshore quota and developing plans for other investment in industries which will grow the CI economy over the long-term. The timing of this investment will be opportunistic and AHC will be patient and disciplined in waiting for the right opportunities. Hence AHC will at times carry significant quantities of cash (currently c \$4.2m).

Given AHC expects to utilise the majority of these funds within the next 18 months it has decided to retain these funds in cash investments (i.e. Bank Term Deposits). The 1-2 year Bank term deposit returns are currently high

due to banks fighting a deposit war to diversify and secure local funding hence the small additional return from a bond portfolio does not justify the risk given the short-term outlook for these funds.

ANZ have been re-confirmed as AHC's primary bank given the historic relationship and their support for the Chathams through the on-island branch. The treasury functions are now managed in-house by AHC with the funds held on terms ranging from on-call to 15 months determinant on expected short-term cash requirements and interest rates.

Strategic Investments and Initiatives

As highlighted above AHC will be assessing Cray, Paua and Blue Cod quota available for sale and will make acquisitions if it is satisfied that the price represents good value for money.

AHC will also investigate and assess the potential for collaborative Seafood ventures that both create a higher return on investment for AHC and also improve returns to the Chatham Island economy. As we have previously communicated AHC is currently involved in a collective Island Blue Cod Project. The report from the Project Team should be completed during August.

AHC has also been involved in a collective Māori project (initiated by Pita Sharples) called Koura Inc which has been considering the potential to market Cray more directly in China. This is likely to be a long-term initiative.

Fisheries Management

AHC is putting significantly more focus on fisheries management than it has historically. The sustainable management of the inshore Chatham Island fisheries is critical to wellbeing of the island economy hence it is important that entities such as the Iwi Trust, CIET and HMT combine with Island Fishers to speak with a strong and unified Chatham Island voice on matters.

AHC has supported the proposed 20% shelving for the 2010-11 season and has completed the paperwork for Fish Serve to manage this process. PAUAMAC4 have shown strong leadership in this matter. Unfortunately the only option currently open to them has been global shelving of the fishery however the Chathams now needs to lead the way with a strong emphasis on increasing the sophistication of the management tools used so that the real risk of serial depletion (run down of individual) paua beds can be appropriately managed.

It is highly likely there will be another large decrease in Orange Roughy 3B ACE for the 2010-11 season which will significantly impact on AHC's revenue. The good news is that there is likely to be an increase in Hoki.

Moriori, Ngāti Mutunga, and Chatham Island Enterprise Trust have worked collaboratively to encourage the introduction of a 1,000 tonne TAC for a Chatham Island Bladder Kelp fishery. There has been proactive work undertaken to try to ensure ownership is predominately held by CIET and the two Iwi and that there is ongoing flexibility for the three organisations to work together to ensure the management of a sustainable fishery in the best interests of the Chatham Islands.

Ace Management

AHC's 18 mt of 2010-11 Cray ACE was leased to Ngāti Mutunga fishers during the quarter for \$20 per kg. Although this is a large increase from the previous seasons price and is also significantly higher than the CIET price, it is still below some of the high end market prices. A lease of \$20 per kg provides a yield of just under 8% on the current market value of Cray quota (before fisheries levies and overheads). This is in line with long-term returns on the leasing of quota since the introduction of the QMS. These sorts of returns are necessary to enable reinvestment into quota and the wider seafood industry.

The last 5mt of 2009-10 Paua ACE was leased to Pacific Canneries during the quarter. The good news is that while market prices for Paua are still depressed the Canneries stock levels have dramatically reduced. Hopefully combined with the shelving this leads to better ACE prices for the 2010-11 season.

CORRECTION (MRS THOMPSON)



In our February 2010 Panui, the byline of our article on the 'mystery woman' suggested she was Hana-Peti Kamo (nee Dix). The article went on to possibly identify the kuia as Mrs Thompson. Of course the photo was not of Granny Kamo – as Trust Secretary Ward Kamo, and great-grandson of Granny Kamo was quick to point out.

WEBSITE NOTIFICATION

To read the latest notices and the annual plan visit our website www.nmow.co.nz or please contact Ward Kamo at Ngāti Mutunga O Wharekauri Iwi Trust – waari_kamo@xtra.co.nz.

ANNUAL PLAN SUMMARY 2010/2011

Ngāti Mutunga o Wharekauri Iwi Trust and Asset Holding Company

IWI TRUST ANNUAL OBJECTIVES

Representation – Mana

1. Island Governance and Treaty Settlement
Work establish a unified and singular Wharekauri voice, finalise mandate to conclude the Iwi Treaty Settlement, ensure formal involvement in review / development of island governance model (CIET / CIC)
2. Efficient interface with on-island bodies who consult with the Iwi Trust (e.g. DOC, CIC, HMT)

Asset Management – Tribal Footprint

3. Formalise a statement of investment policies with the AHC
4. Papakainga building support

Whanaungatanga – Effective Engagement

5. Continue to improve quality and effectiveness of engagement with Iwi Members.

Benefit Provision – Participation

6. Implement Pūtea Whanaungatanga Fund

Cultural Identity – Access

7. Enable better access for Iwi members to cultural education programmes
8. Ngāti Mutunga o Wharekauri Marae
Consultation with Kaumātua and Iwi on the concept of a Marae Whakamaharatanga Marae
Offer assistance to Maori Committee to access funding and upgrade facilities and heating

AHC ANNUAL OBJECTIVES

Seafood

AHC will develop joint ventures and strategic relationships, grow AHC's inshore quota holdings in high value species, nurture the quota for inter-generational use and maximise the value of ACE leasing arrangements including ACE swaps and long-term strategic relationships. To be progressed through the following 2010-11 objectives:

- Pursue Wharekauri industry collaboration in blue cod
- Investigate opportunities to move up the value chain in cray in collaboration with other island quota owners where possible
- Review fisheries management accountabilities and clarify relationships between the Iwi Trust, the Trust Board, Pa Tangaroa, TOKM, and CSOs.
- Acquire quota in high value inshore species subject to the market providing attractive opportunities.

The current policy is that there will be no sales or exchanges of settlement quota for 2010-11 however if this may be reviewed in future years if attractive options were to arise to swap deepwater for Chatham Island inshore species.

Tourism, Agriculture and Private Equity

AHC will seek to position as a leader, initiator and/or consolidator for inbound investment into private equity investments that can diversify the Chatham Islands economy. To be progressed through the following 2010-11 objectives:

- Expanding networks, resource and reach to ensure AHC builds its position as key investment body and force in Chatham Islands.
- Undertake desktop review of Chatham Islands investment opportunities, and identify two areas of initial focus.
- Protect any future tourism opportunities resulting from DOC concessions.

Financial Investments

AHC will efficiently manage surplus funds that have not been allocated to other targeted investment areas by investing in short duration and low risk financial investments. To be progressed through the following 2010-11 objectives:

- Continue close monitoring of CMT.
- Establish in-house treasury management and implement an optimal cash management strategy

Chatham Island infrastructure

AHC will primarily focus on growing the industries on which the future Chatham Island economy will be based, it is also necessary to have the appropriate infrastructure to underpin this growth. To be progressed through the following 2010-11 objectives:

- Assess feasibility for development of housing on existing Iwi Trust land.
- Work with Trust Board to develop strategy for leveraging NMW's position as Crown Treaty partner to negotiate improved, sustainable island infrastructure solutions.
- Work alongside the Trust Board to develop closer relationships with CIET and CIC with view to putting collective island weight behind infrastructure solution negotiations.

	2011 Budget	2010
Net Asset Holding Company Income	\$1,035,000	\$995,133
Less Iwi Trust Governance and Operating Expenses	\$305,000	\$658,887
Less Iwi Trust Distributions and Panui	\$80,000	\$31,168
Net Surplus	\$650,000	\$305,078
<i>Asset Holding Company Equity (Net Assets)</i>	<i>\$18,785,902</i>	<i>\$18,100,009</i>
<i>Iwi Trust Equity (Net Assets)</i>	<i>\$15,000</i>	<i>\$50,893</i>
Group Equity (Net Assets)	\$18,800,902	\$18,150,902

INVESTMENT VISION AND GOALS

A strong and successful Wharekauri economy underpins a vibrant and sustainable local community that is proud of its Ngāti Mutunga heritage and identity and provides the opportunity for a strong reciprocal relationship with all Ngāti Mutunga whanau wherever they may reside.

- To be recognised for excellence in the commercial management of the AHC assets and for creating long-term economic value
 - To lead effective local influence and management (rangatiratanga) over Wharekauri assets and resources that results in the execution of innovative and lasting economic solutions
- To ensure strong Ngāti Mutunga 'shareholder' ownership culture via ability to co-invest, involvement in governance and management and receipt of benefits from multiples of wealth created
 - To enhance the identity, profile and mana of Ngāti Mutunga o Wharekauri through its commercial activities

INVESTMENT STRATEGY

Where will AHC focus its investments?

- Must generate appropriate long-term returns on capital
- Industries that directly contribute to the growth of the Wharekauri economy (eg. seafood, agribusiness, tourism and minerals).
- Island infrastructure and housing required to support the growth of the Wharekauri economy when it has the access, skills and relationships to add value.
- Passive financial investments off island if lack of attractive opportunities on Wharekauri

How will AHC get there?

- Invest directly in assets which require low intensity management (e.g. quota & property).
- Co-invest with long-term partners into investment vehicles with appropriate industry experience when investing in areas with more complex supply chain.
- Encourage value creating Wharekauri consolidation projects even if limited direct benefit to AHC

How will AHC be different?

- Develop investment expertise that encourages long-term investment in Wharekauri.
- Encourage a collective Wharekauri approach through the entire supply chain creating value through economy of scale, enhanced product quality and market positioning.
- Build a Chathams brand for high quality products delivered from a unique and remote island

How will AHC sequence its implementation?

- Phase 1 – focus on high value inshore Seafood and moving further up the value chain.
- Phase 2 – Develop stronger market presence & a Chatham Island brand where applicable. Assist with long term solution for infrastructure via position as a treaty partner.
- Phase 3 – Leverage knowledge and brand in seafood across other industries

What is the economic rationale for AHC's investment strategy?

- AHC cannot solve Chatham problems by investing its money in a bank and paying out distributions however it can lead and invest by example and encouraging the multiples of wealth that will make a difference to the long-term future of the Wharekauri
- Seafood is currently the largest and most successful island industry hence it is logical that the bulk of AHC short-term investment is in this sector.
- The island must work collectively as one to ensure maximum efficiency and turn the uniqueness and remoteness of the Chathams into an advantage that demands a market premium.

INVESTMENT ACCOUNTABILITIES, POLICIES & AUTHORITIES

AHC Accountabilities

AHC is separate from but wholly owned by and responsible to the Trust Board who delegates its asset management duties to AHC including responsibility for:

- Management of the fisheries assets
- Management of all other non-fisheries assets of the Trust
- Management of the Trust and AHC treasury operations
- Oversight of the Trust's and AHC's finance and information system services

AHC is governed by a Board of Directors comprising of two trustees, two independent directors and an executive director, who are appointed by the Trust Board.

Distribution and Asset Allocation Policies

The Trust Board has capped distributions (Iwi Trust expenditure) at \$400,000 for the next three years. Distribution policy will be reviewed concurrently with likely Treaty (land) Settlement.

Asset allocation policies that ensure stable annual distributions and security of assets will be adhered to:

- No debt on assets which are 100% owned
- No more than 10% of assets to be held in long-term growth assets that produce nil or very low cash returns in the short-term (i.e. land)
- \$500k to be held in cash or investment grade bonds for purposes of pursuing Treaty Settlement (if required) and Marae Development

Delegated Authorities

AHC Board – Authority for all AHC operating activity if in accordance with annual plan and capital expenditure up to \$500k.
Trust Board – Capital expenditure over \$500k and up to 25% of value of the Trust's assets (except for disposal of any settlement quota or AFL income shares).
Registered Members – 75% approval of Registered members who vote is required for capital expenditure greater than 25% of value of the Trust assets or for disposal of settlement quota or AFL income shares.