

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
<u>Asset Holding Company Equity (Net Assets)</u>	<u>\$18,785,902</u>	<u>\$18,100,009</u>
<u>Iwi Trust Equity (Net Assets)</u>	<u>\$15,000</u>	<u>\$50,893</u>
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 Chatham 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 Chatham 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.