

From: Geraldine Baker <geraldine.baker@kahukuraariki.iwi.nz>
Sent: Friday, 13 October 2023 9:19 am
To: graham.williams@wairuakiwi.com
Cc: Pania Tatai
Subject: FW: Kahukuraariki Trust Annual Report 2023 - Brief Review

From: Geraldine Baker
Sent: Sunday, October 8, 2023 12:02 PM
To: Teresa Tepania-Ashton <teresa.tepania-ashton@kahukuraariki.iwi.nz>; April Hetaraka <ahetaraka@gmail.com>; Hinepotaurangi Jean Joseph <jjhinepotaurangi@gmail.com>; Roger Kingi <rateakingi@xtra.co.nz>; Norm McKenzie <Mac@adcsystems.co.nz>; JJ Ripikoi <jj.ripikoi@kahukuraariki.iwi.nz>; Hone JJ Ripikoi <jj@farnorth.me>; Waitangi Wood <tauihoitepotrust@gmail.com>
Cc: Andrew.Little@parliament.govt.nz; kelvin.davis@parliament.govt.nz; Missy Peterson <m.peterson01@hotmail.com>; Virginia.Andersen@parliament.govt.nz; Wilfred Peterson <wilfred-gina@xtra.co.nz>; Annwyn Buchanan <cramond8@yahoo.co.nz>; Dennis William Aperahama <minussixty@windowslive.com>; contactus@tearawhiti.govt.nz; jevontracey@xtra.co.nz; 'Marie Williams' <marie.williams@xtra.co.nz>; Edwin Emery <edwin.emery@gmail.com>; Ronda Williams <rjwilliams679799@gmail.com>
Subject: FW: Kahukuraariki Trust Annual Report 2023 - Brief Review

Morena Graham,

Our apologise for the tardiness of our response.

It has been a very time for the Trust.

Nga mihi
Geraldine Baker
Kaiwhakahaere Matua
Kahukuraariki Trust Board
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Kerikeri 0295
Te Taitokerau
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Waea Pukoro: 021 1667677



From: graham.williams@wairuakiwi.com <graham.williams@wairuakiwi.com>
Sent: Wednesday, September 27, 2023 3:46 PM
To: Teresa Tepania-Ashton <teresa.tepania-ashton@kahukuraariki.iwi.nz>
Cc: April Hetaraka <ahetaraka@gmail.com>; Hinepotaurangi Jean Joseph <jjhinepotaurangi@gmail.com>; Roger Kingi <rateakingi@xtra.co.nz>; Norm Mckenzie <norm.mckenzie@kahukuraariki.iwi.nz>; Ana Hotere <anahotere@gmail.com>; Waitangi Wood <tauihoitepotrust@gmail.com>; Roger Kingi <roger.kingi@kahukuraariki.iwi.nz>; Hone JJ Ripikoi <jj@farnorth.me>; Andrew.Little@parliament.govt.nz <Andrew.Little@parliament.govt.nz>; kelvin.davis@parliament.govt.nz <kelvin.davis@parliament.govt.nz>; Missy

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Subject: Re: Kahukuraariki Trust Annual Report 2023 - Brief Review

Kia ora Teresa,

I've just finished reviewing your yet to be approved Kahukuraariki Trust Annual Report 2023 and Financial Statements, and the Trustees may wish to have your accountant review it, as there are mistakes in your GMs analysis which misrepresents the Milford Investment portfolio performance in 2023, compared to the details recorded in your published Financial Statements.

The Milford Investment portfolio performance in 2023 resulted in a net loss of \$100k not \$570k, according to your Financial Statements. Thank you for bringing this to our attention. The amount as stated in the GM's Report included all amounts withdrawn over the year and not the losses incurred. This will be owned/explained at the AGM. Nevertheless, the Chairs Report states "Although we have continued to maintain a moderate portfolio to mitigate risk, we still had a -1.83% return (\$-108,332 loss), for the period from 1 April 2022 to 31 Mar 2023," which co-incidentally aligns with your korero. The Milford Investment portfolio balance dropped from \$6.6m in 2022 to \$5.8m in 2023 due primarily to withdrawals to cover your administration and operational expenses. Your investment strategies over the past 3 years have failed to provide enough revenue to cover your increasing expenses hence your losses. It's reasonable to accept losses for a year or so, but 3 years straight without even attempting to rein in your increasing costs nor adequately adjusting your investment strategy is concerning to say the least. The ROI from the Investment in MIL since inception is \$1,760,686.20 which is 7.08% pa after fees. As stated in the Annual Report "Last year the Trustees resolved to amend the portfolio investment strategy from balanced (50/50) to low-moderate (30% growth assets/70% low risk investments). This remained in effect for the current reporting period." The strategy to invest the quantum from the settlement is a prudent one. The Trust is a long term investor, meaning over time the investment will fluctuate, however the long term returns outweigh the short term ups and downs. The Trust operations and administration is funded from the interest generated from the Milford Investment.

The Trust's primary responsibility is to manage the settlement assets for its present and future beneficiaries; however, I'm concerned over the serious losses incurred over the past 3 years; 2021 - **\$380,000**, 2022 - **\$630,000**, and now in 2023 - **\$570,000**. The exceptional Milford Investment portfolio gains in 2020 of \$1.5 million are likely to be fully extinguished by 2024 at this rate. The Milford Investment portfolio 3 years ago was \$6.9 million, however its diminished to \$5.8 million in 2023. A major reason for these losses based on reviewing your accounts over the past 3 years, would be the massive increase in Administration and Operational costs relating to Staff Salaries and Trustee Fee Payments, which on average account for about 40-45% of the losses for each respective year. The Administration and Operational costs in 2020 were - **\$114k (\$53k and \$61k)**, in 2021 - **\$176k (\$91k and \$85k)**, in 2022 - **\$266k (\$225k and \$41k)**, and in 2023 - **\$287k (\$227k and \$60k)**. What does the Trust intend to do about reversing this trend of excessive losses? I understand you have read minutes of the Trust, and the Strategic Plan which clearly articulates the current status quo (utilising the interest from the Milford Investment to fund operations), is unsustainable long term if we want to develop businesses that employ, house and benefit our whanau.

The Trust did not anticipate that its primary asset (conservatively valued at settlement at \$13.6million), would continue to be subject to occupation up to the present day following the settlement, making it impossible for the Trust to advance economic opportunities on the whenua. The Trust has sought explanation from Te Umanga Limited (of which you are a Director) who continue to profit from use of the whenua, and lack of accountability back to the Trust and Iwi members, most who would whakapapa to Ngati Aukiwa. We remain anxious and concerned about the continued erosion of the whenua, and lack of management over maintaining renewable grasslands, and the stripping of trees on the skyline - all unsustainable practices. This continues to be a major topic posed to us by Iwi members.

In spite of this, we would still like to meet with members of Aukiwa who are occupying the whenua in good faith and to discuss amicable ways of moving forward.

Also, while reviewing the latest Financial Statements for 2023, I noted that the Trust received \$376k worth of NIWA/VMC grants from the Crown and paid out \$448k to NIWA for NROP. I note that the Trust doesn't appear to record any equity interest in the NROP / Seafood International Ltd (SIL) entity. Why doesn't the Trust own part of the NROP / Seafood International Ltd (SIL) entity considering they've contributed significant Trust funds? We trust the advice from our accountants and this is reinforced by the unqualified audit report. We understand that research and development is costly and time-consuming, however we have not yet created our own IP at this point in time. We are making sure the path the Trust and Iwi members have asked us to investigate as a future source of employment, income and kai, is a viable one. We do this in partnership with people/organisations who have the technical expertise and with Government funding wherever we can find it. If you re-visit the strategic plan and proposed new/future structure, you will see we are in the process of creating an entity for the purpose you outlined. We will be providing an overview of the NRO project at the AGM, at which the 2 main contributors will be from our aquaculture team, that includes our GM.

I'll leave others to comment on the inaccurate 2022 SGM & AGM Minutes, and the lack of an independent attendance register for the 2022 SGM, as I was denied participation in both as a non-registered member. We have forwarded the letter from your lawyer regarding this matter to our lawyer, who will hand it directly with your lawyer.

Could you please ensure that this email is tabled at your 2023 AGM this coming Saturday as a matter of record? Your email is noted as received.

Nga mihi,
Graham Williams
Member of Ngati Kahu ki Whangaroa

References:

- Kahukuraariki Trust Annual Report 2023: <https://www.kahukuraariki.iwi.nz/kahukuraariki-trust-annual-report-2023/>
- Kahukuraariki Trust Annual General Meeting – Otangaroa Marae, 30th Sept 2023: <https://www.kahukuraariki.iwi.nz/kahukuraariki-trust-annual-general-meeting-otangaroa-marae-30th-sept-2023/>