



Utakura Incorporation

Strategic plan 2013-2017

Background

The Utakura Incorporation which was set up in 1968 owns 1642 hectares of land in the Utakura valley north of Okaihau, in the South Hokianga. It operates under section XIII of Te Ture Whenua Maori 1993 and the associated regulations. It is managed by an elected committee of management of seven and is owned by approximately 1453 shareholders.

About 1300 hectares was leased to Whitecliffs for a 66 year period from 1972 to 2038, and the balance is on short term or informal grazing leases and occupation licenses. Logging commenced in 2002 and the Incorporation has received regular income from its 17% share of stumpage as the forest is harvested. The Incorporation contributes to the cost of roading from this. It is expected that the harvest will be completed by 2017.

In 2002 the incorporation undertook a planning exercise that led to the adoption of a strategic plan. The plan identified the following priorities:

- **Whanaungatanga:** To develop whanaungatanga and a spirit of cooperation that builds a positive environment for the Incorporation.
- **Investment strategy:** To develop and implement an investment strategy that produces a sustainable income for the incorporation.
- **Forestry joint venture:** To renegotiate a forestry joint venture to ensure our returns are improved for the second rotation.
- **Cultural development:** To support a series of wananga and the development of resources focused on the hapu of Utakura.
- **Support for marae:** To set up a seeding fund to support marae projects within Utakura.
- **Education:** To develop a scholarship programme for tertiary education and to put in place a sponsorship programme to support local schools.
- **Housing:** To support the development of more Housing in Utakura.
- **Treaty claims:** To pursue claims to the Waitangi tribunal in relation to Crown actions concerning the establishment of the Inc and leases, and Other treaty breaches in Utakura

Key achievements in recent years

- Improved quality of annual reports.
- Timely accounting and auditing processes.
- Increased shareholder interest.
- Strategic plans adopted in 2002, 2008 and 2013
- Regular income from forestry over the last 10 year period.
- Investment funds of over \$1M built up.
- Working with Te Ropu Taiao o Utakura.
- Website developed.
- Marae funding programme set up.
- Supported Mataitaua Marae with seeding funding
- Education grants programme set up and operating annually.
- Supported local environmental initiatives including Horeke School.
- Several wananga held on whakapapa and hitoria
- Good relationship developed with Whitecliffs.
- Archiving of historical records begun

Nga take hohonu:

Key issues and challenges for the next five years

Completion of harvesting

Harvesting of the Whitecliffs forest commenced in 2002 and the incorporation has been receiving a 17% It is projected that harvesting will be completed by 2017. Once the harvesting has been completed the Incorporation will have to rely on the investments it has built up to provide ongoing income.

Extension of current lease

Whitecliffs are seeking to extend the lease from 2038 for a further 10 years as the current crop is no older than 15 years old. They are entitled to do this but it may present opportunities to negotiate improvements and to enhance the relationship.

The need to continue to build a financial base for the incorporation.

The financial position of the Incorporation has improved dramatically since 2002 and an investment fund of over \$1M has been built up. However this amount is not sufficient to sustain the Incorporation in to the future. At current rates of return it will only produce enough for the basic operating costs of the Incorporation.

Identifying new areas of investment

The Management Committee has taken few risks with its investments with the majority being through banks and managed funds. While maintaining a low risk policy for core investments the Incorporation may need to identify new areas of investment if it is to produce higher returns in the future.

Cycle Way

The development of the Pou Herenga Tai coast-to-coast cycle way provides an opportunity for Uakura, Horeke and the Incorporation. The route from Okaihau to Horeke is being finalised and it is expected that work will commence soon to construct the route through private land and on road reserves. While there is some local opposition, the walk way will bring opportunities. There is an opportunity for the Incorporation to show leadership and to assist with community projects that will create part-time employment.

Carbon Emissions Trading Law

The Climate Change Response (Emissions Trading) Amendment Act 2008 came into force in September. It has major impacts on landowners and our ability to deforest land without paying a deforestation tax. It will essentially lock the Incorporation in to forestry as it is expected that carbon taxes will become significant if we were to convert to farming. We will not be affected if we harvest the trees and let the land revert. The value of carbon emissions has plummeted recently. We will need to look carefully at this law and the carbon markets to make sure any changes to our lease and land use take it in to account.

Forest fires

There have been two fires involving trees planted on the Incorporation land. The Incorporation received compensation for lost stumpage with the first fire but not the second. There are some areas that have not been cleared and replanted, and some dispute about who is responsible.

The wisdom and sustainability of paying a dividend.

When the Incorporation adopted the last strategic plan in 2003 a decision was made not to pay dividends. This was based on the fact that the government would take tax

out first, the Incorporation would have to hold on to a large proportion because the majority of shareholders have not been succeeded or are at addresses unknown, and most would receive very little anyway. This situation hasn't changed. There are over 1453 shareholders and the average shareholding is less than 22. Only about a third of successions are up to date with current addresses.

As an example, if \$50,000 were available for distribution the following pay out levels would be set:

- The Inland Revenue Department would receive \$8750.
- The Incorporation as the largest shareholder able to receive a dividend would receive about \$1000.
- The incorporation would have to hold back \$28000 for deceased and missing shareholders
- The average shareholder would receive about \$30
- The smallest shareholder would receive less than one cent.
- More than half of the shareholders would receive less than \$10
- More than 80% would receive less than \$20.

Continuing to build relationships with shareholders

The management committee has improved shareholder relations and works regularly to keep shareholders informed through newsletters, AGM's and other hui. Every year there is a new lot of shareholders who find out about their shares and seek to do successions. This will be an ongoing focus for the Incorporation and resources will need to be identified to ensure that it happens.

What is the role of the Incorporation in the Utakura Community?

The Incorporation has developed funding policies for marae and education and has assisted the local community with a range of other projects in recent years. The future role of the Incorporation in supporting cultural, social, historical, and environmental development in Utakura is an important issue and a key focus for the Management Committee going forward.

Succession planning for future committees of management.

The matter of succession planning to make sure we have skilled and committed people to run the Incorporation on our behalf is not a new issue. With the recent loss of our long-serving committee members the issue has again come to the fore front. We need to be looking for suitable committee members for future committees of management.

Tirohanga whanui: Purpose or Mission

The purpose of the Utakura Incorporation is to manage and develop our assets to:

- Support the development of community initiatives;
- To promote educational achievement, and
- To build an economic base.

for the benefit of the shareholders and the Utakura community.

Whaingā matua: Long term goals

It is proposed that the committee of management work to the following long term goals:

Whanaungatanga: To maintain good shareholder relationships and a spirit of whanaungatanga and cooperation.

Investment: To build a portfolio of investments that will produce a sustainable income to support the Incorporation and the community.

Lease: To improve the position of the Incorporation in relation to the lands leased for forestry.

Community development: To support community, environmental and cultural development projects in Utakura.

People development: To lift the capability of Utakura people.

Nga kaupapa mo nga tau e rima: Strategic priorities

The following priorities have been developed for each of the long term goals:

Whanaungatanga: To maintain good shareholder relationships and a spirit of whanaungatanga and cooperation.

- To provide service to shareholders and whanau to promote involvement and ensure they have good information.

Investment: To build a portfolio of investments that will produce a sustainable income to support the Incorporation

- To build the current investment portfolio to at least \$1.5M of low risk investments.
- To investigate opportunities that are generated from the proposed cycle way development.
- To build relationships with other Maori Trusts and Incorporations
- To identify joint venture opportunities that will provide higher returns, including honey production.

Lease: To improve the position of the Incorporation in relation to the lands leased for forestry.

- To negotiate an extension of the lease to Whitecliffs.
- To monitor the Carbon Emissions Trading scheme to ensure that Incorporation decision making takes the impacts into account.

Community development: To support community, environmental and cultural development projects in Utakura.

- To provide seeding funds for Utakura marae.
- To support wananga that enhance knowledge of local whakapapa, tikanga, and hitoria.
- To provide support for local projects that have cultural, environmental, educational and social benefits.
- To investigate opportunities for the establishment of a local resource/visitor centre to provide a local focus for the cycle way.

People development: To lift the capability of Utakura people.

- To provide education grants to shareholders and whanau.
- To work with local whanau to establish ventures to support the cycle way.
- To provide mentoring and support for potential Committee of Management members.