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PAROA TRUST
MINUTES OF THE ANNUAL GENERAL MEETING HELD AT THE WAIPAPA-A-IWI MOHAKA MARAE
ON SATURDAY 15 OCTOBER 2005 COMMENCING AT 10.40am

4.0 KARAKIA	The meeting opened with a Prayer by M Albert	
4.0 MIHI	C K King	
4.0 PRESENT	L McDonnell (Chairman), W Johnson, W Waaka, W Hodges, T Heta, M McDonnell, D Aramakutu (Trustees), S Matthews (Auditor), A O'Connor (Farm Manager) and H Collier (Farm Consultant/Secretary) and approximately 35 owners and guests.	
4.0 APOLOGIES	P Edwards, T Little, M Farmer, J Hawkins, L Joe, A Hura, R Ratahi, H Te Aho, G Wainohu, L Biddle and C Wainohu.	
5.0 MINUTES FROM THE PREVIOUS ANNUAL GENERAL MEETING HELD 25 SEPTEMBER 2004 WERE READ	It was resolved they be confirmed as a true and correct record	Moved: E Hohipuha Seconded: W Hodges CARRIED
6.0 MATTERS ARISING	<ul style="list-style-type: none"> ▪ <u>Koha to Mohaka Marae</u> M McDermott questioned whether the Trustees considered assisting other urupa. W Hodges replied the donation was in response to a specific application from the Trustees of Hiruharama Cemetery. ▪ <u>Training</u> G Wainohu asked whether there had been any progress on farm training proposed by the Wairoa District Council. The Chairman replied the Council had been unable to secure funding hence there had been no further developments. ▪ <u>Distributions</u> G Wainohu asked how Trustees arrived at a decision to pay a distribution. The Chairman replied the Trustees policy was for profits to be apportioned three ways. Equal amounts were to be committed to the distribution, investment and farm development. Historically Kaumatua were paid an Age Grant as an interim measure. This was to recognise the sacrifice many had made during the period Paroa was administered by the Department of Maori Affairs. Last year the trustees had indicated a preference to reward all beneficiaries by way of a dividend. The Chairman explained that the dividend to be paid this year was in excess of the Trustees policy to pay a third of profits. <p>With respect to donations the Trustees would continue to consider these as applications were made. He informed the meeting a sub-committee comprising W Waaka, M McDonnell and W Johnson had discretion to pay various amounts for a range of purposes.</p> 	

<ul style="list-style-type: none"> ▪ <u>Vineyard</u> 	<p>The reason for the vineyards poor performance was questioned. The Chairman replied the main problem was that the varieties planted would not achieve the level of income necessary to make it viable. With the appropriate varieties and an increase in area planted the economics of the vineyard changed significantly. He explained the reason varieties had not been replanted was that an agreement had been reached with Nobilo family prior to the sale of that company. Unfortunately a contract had not been signed before Nobilo sold out of their company and hence the current position.</p> <p>The Chairman went on to explain that the current lease expired in 2007. Paroa had an option to force Nobilo to extend the lease for a further four years at which time the vineyard reverted to Paroa at no cost or Nobilo's interest in the vineyard could be bought out by Paroa.</p> <p>Extending the lease or buy out Nobilo's interest would depend on the economic merits of that proposal. The Chairman commented at this time there was no incentive for Paroa to buy out Nobilo's.</p> <p>G Wainohu asked whether the Trustees would consult beneficiaries before extending the lease. This was discussed and a reasonable number of owners present indicated they would like this to occur.</p>	
<ul style="list-style-type: none"> ▪ <u>Dividend</u> 	<p>G Wainohu asked how the amount payable as a dividend was determined. The Chairman replied that the amount was determined by the Trustees on the basis of the post-tax profit. G Wainohu commented some Kaumatua were likely to get less than the \$100 payable as an Age Grant with the move to pay a dividend. The Chairman agreed this could occur.</p> <p>One shareholder commented Paroa had not paid any returns for many years. She noted a previous payment for \$600 from the Trust in 1982. She thought for the amount of time since the last distribution the level of dividend was poor. W Hodges commented the trust was formed in 1989. As such the \$600 payment referred to could not have come from the Trust.</p>	
<ul style="list-style-type: none"> ▪ <u>Age Grant</u> 	<p>M McDermott thanked the Trustees for the Age Grant paid over the past years. She suggested that as payment was linked to attendance this reflected the very good attendance at past AGM's.</p> <p>C Culshaw supported the move to pay a dividend. He noted that at this AGM there were more "younger faces". He thought it was a good thing that rangitahi got more involved and interested in their land.</p>	

**ANNUAL
REPORTS**

The Annual Reports were presented by the Secretary.

Gross Income \$526,794
Total Farm Expenses \$391,658
Net Result \$135,136

Cattle Account

This showed a surplus of \$265,448. Cattle numbers increased to 874 hd during the year. The average cattle trading margin was \$294.

Sheep Account

The Sheep Account was up at \$196,555. Numbers closed down on opening at 3,088. Lambing was 143% with losses of just 3.9%.

Wool Account

Wool sales totalled \$41,933 from the sale of 15,331kg.

Vineyard
Account

The loss this year was just \$3,699.

Investment
Income

Income from investment activities was lower at \$5,491. It was noted that the Trust's investments had been transferred to Paroa Trust Holdings Limited.

Operating
Expenditure

Total expenditure was \$391,658. Features noted were:

R&M Expenditure was lower at \$95,826.
Fertiliser Expenditure was \$60,909.
Weed and Pest Expenditure was up at \$19,625.
Balance Sheet remains sound with total assets of \$4,267,940 against liabilities of \$220,871.

Audit Report

S Matthews explained he had completed the audit for the Trust. He was pleased to advise the Audit Report was unqualified. He noted that pre-depreciation Paroa's surplus had been \$156,000. He commended the Manager for his efforts during the past year and that margins achieved had been above average.

With respect to purchases made by the Trust in Auckland real estate he thought that this was a positive move and that it was important for the Trust to diversify its asset and revenue base.

Payment of
Dividend

The date for the dividend to be declared had yet to be finalised by the Trustees. It was suggested late November or early December was the most likely date of payment. At this time it was hoped a majority of beneficiaries IRD and bank account details would be to hand.

The Secretary commented without IRD details they were obliged to deduct Resident Withholding Tax at the rate of 39%. If these details were to hand the rate of deduction was 19.5%.

AGM 2005

C Clarkson noted that the Trustees decision to pay uneconomic distributions into a putea fund would be a major disadvantage for small shareholders. She also wondered whether the rate of distribution was adequate given the value of assets invested in the business. The Chairman replied the Trustees had not been willing to make larger payouts at this time. He noted smaller shareholders getting between \$2 and \$10 could allow any dividend they were entitled to accumulate until the minimum threshold for payment had been achieved.

C King informed the meeting he thought the Trustees had done very well. He noted that at the time of hand back, Paroa's assets had been valued at about \$1,000,000. The balance sheet showed currently Paroa was worth in excess of \$4,000,000. He noted at hand back Paroa had no debt. However there were issues around the state of the farm and the number of stock.

▪ Winery

M McDermott asked if the Trustees would consider setting up a winery. The Chairman responded this might be too risky for the Trustees to consider.

It was resolved the Annual Reports be adopted.

▪ Election

The Chairman explained L McDonnell, W Hodges and D Aramakutu retired by rotation. When nominations closed, no nominations had been received. He therefore declared the sitting Trustees reappointed.

It was resolved that the reappointment of the three retiring trustees be confirmed.

W Hodges addressed the meeting and thanked the owners for their support. He drew their attention to the fact that during the Department of Maori Affairs administration Paroa's lambing had been 80%. He thought it was enlightening that last years lambing had been a disappointing 126%. The 143% reported in the latest accounts was a record for Paroa. His comments were supported by D Aramakutu who also expressed his appreciation and commented on the direction and achievements made by the Trust during L McDonnell's chairmanship.

▪ Notice of Meeting

G Hokianga suggested the Trustees needed to give more notice of when meetings were held. The Chairman explained notices were sent to those owners whose postal addresses were held. The period of notice was set out in the Trust Deed. Notices were also published in the Wairoa Star, Hawkes Bay Today and The Dominion. The Secretary explained that his office had commenced addresses to the share register. Notices were only sent to those beneficiaries whose addresses and names were matched.

Moved: W
Seconded: D Nichols
CARRIED

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Seconded: C Hokianga
CARRIED

<ul style="list-style-type: none"> ▪ <u>Council of Elders</u> 	<p>A Wainohu suggested the Council of Elders should include whangatahi. This was acknowledged by W Hodges who thought a review of the Trust Deed was timely and this could be one of the matters looked at.</p> <p>Appointment to the Council of Elders was discussed. W Hodges commented the Trustees had not discussed making any appointments to the Council of Elders.</p>
<ul style="list-style-type: none"> ▪ <u>Creation of the Putea Fund</u> 	<p>W Hodges explained the putea fund would commence on the day the dividend was declared. The Trustees had the option of leaving all beneficiaries the minimum \$2 to assist with the creation of this fund. He accepted the Trustees had made no final decision on this matter.</p>

There being no further business the meeting was closed at 1.10pm with a Prayer by W Albert.

Read and Confirmed

Signed:.....



Luis McDonnell
(Chairman)

Dated:.....

16. 06. 2006.....