

WAITUTU INCORPORATION

BUSINESS PLAN

2021

WAITUTU INCORPORATION

BUSINESS PLAN

Executive Summary

The purpose of this Incorporation is two-fold:

Kaitiakitanga (guardianship) and retention of the Waitutu land, flora, fauna and kaimoana in perpetuity for all future generations of Waitutu shareholders;

and

The execution of sound investment policies which will provide security of it's capital base while steadily increasing the net value of the Incorporation, and at the same time providing steadily increasing dividends for both current and future shareholders.

History

In 1972 the owners of 23 sections on 3 blocks of land in southwest Southland, known as the Waitutu area, began an amalgamation to form the Waitutu Incorporation. The land area totals 5,365.68125 acres and shares were issued on the basis of one share to one acre. The forest is predominantly virgin Rimu.

In 1996 the Incorporation reached a settlement with the Crown, whereby the Incorporation agreed not to pursue any logging on the Waitutu Incorporation lands. At the same time the Crown agreed to pay \$13.55 million in cash to the Waitutu Incorporation, plus forestry rights in perpetuity to approximately 11,500 hectares of cutover beech forest to the Waitutu Holding Company.

The cash component of the settlement included \$1.5 million compensation to be paid to Paynter Timber for the cancellation of their contract to cut the Waitutu forest and to repay the advances they granted to us for legal expenses, etc, prior to the settlement, and to pay outstanding legal fees incurred by the previous Committee putting roading licences in place, etc.

In 2007 the shares in the Holding Company which were held by the Incorporation, on behalf of the owners, were passed back to the individual owners.

Core Business

The core business of the Incorporation is management of its cash investments and to operate the Waitutu Lodge

Structure

The Incorporation

Waitutu Incorporation is a Maori Incorporation operating under Te Ture Whenua Maori Act 1993. Although it is self-governing in accordance with its Constitution, it is answerable to the Maori Land Court.

Location

The Waitutu land is situated in southwest Southland, over 100 kilometres west of Invercargill, on the southern boundary of the Fiordland National Park. The land runs along the South Coast, between the Wairaurahiri and Waitutu Rivers.

The Waitutu Lodge is located on the Waitutu land, beside the Wairaurahiri River, and only a few hundred metres from the South Coast.

The registered office is in Napier.

Committee of Management

The Committee is responsible for the management of the Incorporation. There are seven members who are elected by the shareholders, each for a three-year term, on a rotational basis. The Committee appoints the Chairman and Secretary.

There are two informal sub-committees. The Lodge Sub-committee focuses on the Waitutu Lodge, land and coastal area, and the Finance Sub-committee focuses on the financial investments.

Employees

The Incorporation has two permanent paid employees. The Lodge Host who resides permanently at the Lodge, ensures that the facilities are kept to a high standard for our guests and oversees all bookings and payments. He also carries out any day-to-day maintenance as necessary, and assists with development projects when required.

The Secretary carries out all secretarial functions, maintains the share register, determines successions to shareholdings, and deals with the Maori Land Court. The Secretary is also required to deal with all financial transactions, and operate the Accounting programme for the Incorporation, and provide annual accounts to the Auditor.

Statutory Rights

The settlement with the Crown was enshrined in law under the Waitutu Settlement Act 1997, which provides the Incorporation with various statutory rights.

The Act provides that while the Incorporation continues as the registered proprietor of the land, it will be managed by the Crown as if it were a national park, but in accordance with the terms and conditions set out in the Covenant.

This reserves to the Incorporation, rights to place boat mooring poles on the Wairaurahiri River in the vicinity of the Lodge, to exercise their landing rights, and also the rights to hunt deer, fish, gather traditional food and medicines and build a helicopter landing site and accommodation lodge.

The Crown will keep the Waitutu Block free from plant pests, animal pests and wild animals, and will keep it free from rubbish or other unsightly or offensive material. It will also maintain the main track and the bridges. The Incorporation will be consulted by the Crown in the exercise of it's powers under the National Park and Conservation Acts in respect of administration of the land, the development or review of management plans or strategies, and any acts which may interfere with waahi tapu areas. The Crown must consult with the Management Committee of the Incorporation.

Waitutu Lodge

The Committee has built a 6-bedroom, 21 bed Lodge alongside the Wairaurahiri River, a 5 minute walk from the Southern Coast. The Lodge is solar-powered and provides excellent facilities for many types of visitors. The facilities are also available to the general public. It is serviced by the local jet-boat operators who bring in many of our visitors and shareholders, and supplies for the Lodge.

The facilities are constantly being upgraded, with additions where appropriate.

There are numerous walking tracks throughout the forest, and deer and pigs are hunted in the area.

Development

Long term development includes formation and maintenance of tracks and bridges, and erection of further huts round the coast. There are a number of existing deer pens in the Waitutu, and the Committee intends to restore some of them for use as a tourist attraction, as a means of pest control when necessary, and to provide venison.

Operation

The Lodge is operated on-site by a resident host. The host carries out all day-to-day operations, including bookings, payments, cleaning, firewood supplies, and maintenance when necessary. The operation is monitored by the Lodge Sub-committee, which also arranges and carries out any development work required. Supplies for the Lodge are transported by arrangement with the jet-boat operators.

Marketing

Currently, advertising is provided on the web-sites of both Wairaurahiri Jet and Wairaurahiri Wilderness Jet. An advertisement in conjunction with Wairaurahiri Wilderness Jet appears in the Today & Tonight "Southland & Fiordland" guide, which is available free in visitor information centres and at various tourist operator outlets. We also have an advert in one of the Department of Conservation leaflets.

Bookings

Bookings can be made direct from our website, and information can be obtained from the two local jet-boat operators and the Hump Ridge Track office in Tuatapere. These operators are all in radio contact with the Lodge host. Guests can also arrive at the Lodge and book on the day, subject to availability.

Pricing

The current cost for guests is a flat rate of \$50 per person per night, subject to change as appropriate. This rate is considered value-for-money for the quality of accommodation offered.

Mataitai Reserve

We currently have in place a Mataitai Reserve along our coast. The purpose of this is to allow replenishment of the seafood in this area, and enables us to continue to manage the resource. This is managed in conjunction with Oraka-Aparima Runaka, and any customary fish applications will be through the Riverton office. It will be managed by three kaitiaki – two Incorporation representatives, two Oraka Aparima reps, one recreational fisher, two tourist boat operators and one commercial fisher. .

Financial Responsibilities

The Committee of Management has a fiduciary responsibility to manage the finances of the Incorporation in the best interests of the shareholders.

Capital Base

The cash component of \$12.05 million was set aside for investment in perpetuity to provide a continuing income stream for current and all future generations of shareholders.

Inflation-Proofing

The capital base is increased annually at the rate of inflation in order to protect the value of the capital.

Investments

The Committee is responsible for the investment of the capital. Currently the investments are in bank term deposits for varying terms, along with fixed-term investments and shares in Companies listed on the stock exchange, both in New Zealand and overseas.

Dividend Payments

Dividends to shareholders are paid out of the end-of-year profit of the Incorporation. The dividend is approved by the shareholders at each Annual General Meeting.

Due to a solid investment policy, dividend payments will continue in perpetuity for all future generations, and not just benefit the current shareholders.

Tax Status

The Incorporation is treated as a Maori Authority for the purposes of taxation. Under the tax legislation, the rate of tax for Maori Authorities is 17.5%, compared with 33% for an ordinary Company.

Accomplishments

Settlement with the Crown, preserving the Waitutu forest, and receiving cutting rights to production beech forest, and cash settlement.

Establishment and operation of Waitutu Lodge.

Commenced process for establishment of Mataitai Reserve.

Payment of steadily increasing annual dividends to shareholders.

Increased capital value.

Legislation on Inland Revenue taxation on Waitutu Settlement.

STRATEGIC GOALS

Waitutu Lodge

Strategic Goal:

To gradually develop the Waitutu Lodge complex and its environs to become an eco-tourism, self-sustaining enterprise.

Objectives:

Monitor and manage flora and fauna in the Waitutu forest.

Manage our seafood resource through the Mataitai Reserve.

Maintain mutually beneficial partnerships with Destination Southland, DOC, tourism operators, Humptrack Trust, local runanga, etc, to enhance the ability to utilise the resource.

Protect the bio-diversity of the Waitutu.

Work in conjunction with DOC to sustainably manage the natural resources of the Waitutu.

To steadily raise the Lodge occupancy rates.

To work with the concessionaires to promote the Lodge to a range of markets.

Implement the maintenance requirements and development plan for the Lodge operation.

Continue with the zero-waste management policy

To review the personnel requirements and job descriptions for the operation of the Lodge.

Investment Strategy

Strategic Goal:

To maintain sound investment policies which will provide security of the capital base while inflation-proofing the cash component, and steadily increasing the net value of the Incorporation, and at the same time providing steadily increasing dividends for both current and future shareholders.

Objectives:

Implement the long term investment policy.

- To maintain regular monitoring of all investments.
- Consider all risks of potential investments, including:
 - security of investment
 - rate of return
 - due diligence
 - ethical and social responsibility
 - independent professional advice for new investments

Communications/Information Management

Strategic Goal:

To ensure the shareholders are well informed of the operations, initiatives, and performance of the Incorporation.

Objectives:

- To establish a website which includes:

Public Access:

- History and Information re Waitutu
- Promotional Material
- Map
- Lodge Booking Link
- Contact Details
- Photos
- Contact details for enquiries re successions

Shareholders Access Only:

- Business Plan
 - Financial Reports
 - Chairman's Report
 - AGM Minutes
 - Names of Shareholders we require contact with
-
- To develop a media strategy to advise shareholders of the website and how to access it.
 - To use reasonable avenues to locate the whereabouts of shareholders whose addresses are unknown.
 - Maintain shareholder database and update as appropriate.
 - Contact details for Incorporation

Operations

Strategic Goals:

1. To review and evaluate the performance of the Waitutu Incorporation against policy and identified strategic targets annually.

Objectives:

- To prepare reports on each area of operation for presentation at the AGM.
- To formulate the operational plan for the next 12 months.
- To update the strategic plan in line with the outcomes of the operational performance.

OVERALL OBJECTIVES

One Year:

1. Annual review of dividend payment.
2. Progress the Maitaitai Reserve regeneration.
3. Install handbasin by BBQ shelter – in progress.
4. Install stainless steel toilet units in outside toilets – in progress.
5. Relocate generator shed – in progress.
6. Upgrade Long Point hut with new roof, verandah & install stove.

Strategic Plan for One-Year Objectives

1. Dividend Payment - evaluate the financial reports, proposed expenditure and income, and set level of dividend.
2. Maitaitai - Monitor the progress of the Maitaitai to bring the coast back to a healthy state.
3. Install the handbasin by the BBQ shelter. Materials on-site – in progress.
4. Install stainless steel toilet units in existing outside toilets. Units on-site – in progress.
5. Relocate the generator shed to a new site, approximately 10 metres further away from Lodge building – in progress.
6. Long Point Hut - Construct a new roof and verandah, and install the stove which is on-site.

Five Years:

Continued Lodge development

Track development and maintenance

Albatross Colony at Long Point

3-Wire bridge over Crombie Stream and Angus Burn

Build bridge over creek just past Lodge for bike and trailer

Install mooring poles for jet boats – on hold

Repair deer pens – on hold