

HUAKIWI

Draft Statement of Intent

Huakiwi Services Limited

For the year to 30 June 2022

Contents

Introduction	2
Purpose and Objectives of the Group	2
Nature and Scope of activities	2
Performance Targets	3
Accounting Policies.....	3
Ratio of shareholder funds to total assets	4
Distribution to Shareholders	4
Commercial valuation of investment	4
Governance	4
Committees and Policies.....	4
Reporting to Shareholders.....	5
Activities for which compensation is sought	5

Introduction

This statement of intent (SOI) is prepared in accordance with section 64(1) of the Local Government Act 2002 (the Act).

The SOI sets out the purpose, strategic objectives, nature and scope of the activities to be undertaken by Huakiwi Services Limited (Huakiwi) and the measures by which the performance of Huakiwi may be judged in relation to its objectives.

Huakiwi is a council-controlled trading organisation (CCTO) for the purposes of the Act.

Purpose and Objectives of the Group

Huakiwi is established to pursue opportunities in the horticulture sector, with focus on the development and betterment of Maori land.

Huakiwi has established and planted 8 Zespri Gold kiwifruit orchards to date across the Bay of Plenty.

Nature and Scope of activities

Huakiwi was established in March 2017 as a joint venture between Te Tumu Paeroa and Quayside Holdings Limited (QHL). As Quayside Holdings Limited is a 100% subsidiary of the Bay of Plenty Regional Council, Huakiwi is deemed under the Act to report as a Council Controlled Organisation. This Statement of Intent incorporates the nature, scope, activities, and performance targets of subsidiaries of Huakiwi.

Performance Targets

Huakiwi has agreed the following performance targets:

Target	Objective	Measure
1.	Developed Orchards	<ul style="list-style-type: none"> • Operation of orchards to budgeted income and expense level. • Operation of orchards in accordance with principles of the Health & Safety at Work Act 2015.
2.	Partially Developed / New Orchards	<ul style="list-style-type: none"> • Completion of development to board approved budgets • Where appropriate, access to third party funding to enable completion of development
3.	Capital Management	<ul style="list-style-type: none"> • Management of the overall Huakiwi project to within the capital agreed by existing and new Limited Partners
4.	Investment return	<ul style="list-style-type: none"> • Payment of dividend to agreed level.
5.	ESG	<ul style="list-style-type: none"> • Management and operation of orchards to initiate reporting on its impact from an environmental, social and governance perspective, including climate change and sustainability.

Performance targets are effective for the year represented by this Statement of Intent. Target measures will therefore be assessed in full on or after 30 June 2022. Huakiwi will keep shareholders informed during the year of progress against performance targets on a no surprises basis.

Accounting Policies

The financial statements of Huakiwi are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS RDR”) and other applicable Financial Reporting Standards as appropriate to for-profit entities. Huakiwi is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

Huakiwi applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the company is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity. A full set of accounting policies are available on request.

Ratio of shareholder funds to total assets

	2022	2023	2024
Assets (\$m)	\$34,000,000	\$34,000,000	\$34,000,000
Liabilities (\$m)	\$0	\$0	\$0
Shareholder funds (\$m)	\$34,000,000	\$34,000,000	\$34,000,000
Shareholder funds to assets (%)	100%	100%	100%

The figures above are all reflective of 31 December 2020.

Distribution to Shareholders

Distributions to shareholders are forecast beginning the 21/22 financial year.

	2022	2023	2024
Distribution (\$m)	\$0	\$0	\$0

It is anticipated that Huakiwi Services will make capital repayments during the period.

Commercial valuation of investment

	2022	2023	2024
Quayside Holdings Ltd (\$m)	\$17,000,000	\$17,000,000	\$17,000,000
Te Tumu Paeroa (\$m)	\$17,000,000	\$17,000,000	\$17,000,000

Governance

Huakiwi is a limited liability company managed by four directors, with two appointments on behalf of each major shareholder. Current directors are Bryan Grafas, Scott Hamilton, Christopher Rich and Dr Charlotte Severne.

All directors of Huakiwi have been selected for their specific expertise in line with the nature of the business and in accordance with the Quayside Group policy for appointment of directors to subsidiaries and investee companies. The Board will meet quarterly and more often when required.

Through the outlined performance targets included in this SOI along with agreed delegated authorities, company policies and procedures, the board strives to achieve best practice governance for Huakiwi.

The Board is responsible for all delegations and subsequent operations of the business.

Committees and Policies

A Delegated Authority policy has been put in place to enable the management of the day-to-day activities of Huakiwi.

Reporting to Shareholders

Huakiwi provides its shareholders and Council with annual and half yearly reporting in accordance with sections 66 to 72 of the Act.

Huakiwi operates on a no surprises basis with its parent shareholders Quayside Holdings Limited and Te Tumu Paeroa. Huakiwi will look to advise shareholders early of any material departure from the Statement of Intent at the soonest practical opportunity.

Activities for which compensation is sought

There are no activities for which compensation is sought by Huakiwi from Council.