

AGENDA

IRONGATE FOREST PARTNERSHIP

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NOTICE OF MEETING AND FOREST VISIT - NEW VENUE

The meeting and forest visit of Irongate Forest Partnership will be held at the **Napier War Memorial Centre** on Saturday 29th April 2017 commencing at 8.30am.

PLEASE NOTE - THIS IS A NEW VENUE - NAPIER WAR MEMORIAL CENTRE on MARINE PARADE

This is held in conjunction with Saddleback Forest Partnership.

PROGRAMME

8.30 - 8.45am	Registration and morning tea
8.45 - 9.00am	Welcome & opening of meeting
9.00 - 12.30pm	Harvest Planning
12.30 - 1.00pm	Lunch at the War Memorial Centre
1.00 - 3.00pm	Forest visit

Times are approximate and the tour of the forests will proceed regardless of the weather, so please bring warm clothing, wet weather gear and suitable footwear that will handle mud and wet grass.

AGENDA

1. Welcome & Opening
2. Appointment of Chairperson
3. Apologies and Proxies
4. Presentation of Minutes from previous meeting
5. Matters arising from Minutes
6. Reports and Financial Statements - To receive and adopt the Roger Dickie Report and Forest Management New Zealand Ltd Report.
7. To receive the draft Financial Statements for the Year ending 28 February 2017 – To be approved by online voting once audited. (see note)
8. To consider and adopt the Public Liability Insurance
9. To receive and adopt the 2017-2018 Budget Cashflow
10. Consideration of the Resolutions
11. General Business - Harvest Planning

RESOLUTION

To consider and if thought appropriate, pass the following resolutions:

Resolution 1:

That the manager have authority to sell liability free New Zealand Units as deemed appropriate.

Background to resolution:

Since we secured liability free NZUs for your forest we have sold sufficient each year to cover the annual cost of running your forest, thus eliminating share calls.

The price of NZUs has fluctuated from an introductory price of \$20 to a low of \$1.55 following the GFC. NZUs are currently trading at around \$17-\$18. No one really knows what is going to happen to the price of carbon in the future.

It has been suggested by some that the government may re-introduce foreign carbon units which would lower the cost of the New Zealand units. The contrary to this is that New Zealand has emissions targets to meet as part of the Paris Accord on climate change so the NZU price may rise as New Zealand implements rules to achieve this.

The reality is that no one knows what is going to happen to the NZU price moving forward. Given the history of the ETS it would seem the greatest risk to the price of NZUs is political risk, be it international or local.

The updating of this resolution allows us the option to sell down more NZUs as appropriate

Our thinking at this stage is that we lock in at the present NZU prices and sell down enough NZUs to cover the estimated running costs through to harvest. If we receive more market information implying that NZU prices will fall then this resolution allows us to sell further NZU's, hopefully before the price falls.

The sale of NZUs to cover forest costs through to harvest would incur a tax liability. We propose to sell enough NZU's to cover partners' tax costs and this portion of the proceeds would be paid out to partners.

It should be noted that the New Zealand NZU market is quite thin, large volumes of NZU's if traded can move the market quite significantly.

Resolution 2:

Funds earned from sale of NZUs be held in an interest bearing account and be used to meet future partnership operating expenses as required.

PROXY VOTING

Please complete the Proxy Form and return to our office by Wednesday 26th April:

- **Vote on-line** via the link to the Proxy (as sent to you via email); or
 - **Scan and email** to abbey@rogerdickie.co.nz; or
 - **Fax** to 06 346 5369; or
 - **Mail** to Roger Dickie (NZ) Ltd, PO Box 43, WAVERLEY 4544.
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- Partners are advised the budget is included with the Agenda and Proxy; however you may wish to wait for the Financial Statements and Reports before voting. These will be distributed shortly.
 - **NOTE:** Previously, financial statements were passed 'subject to audit' however, under new FMCA rules only audited accounts can be approved. As audits will not be completed prior to the meeting, draft accounts will be distributed and discussed. Audited accounts will then be distributed at a later date and partners will be asked to approve the accounts at the AGM. In the unlikely event there is any change from the draft accounts partners will be advised.

DOCUMENTS

The following documents are included with the Agenda:

- Proxy Form (*can be completed online*)
- Budget Cashflow Statement for the Year Ending 28 February 2018

ATTENDANCE/CATERING

If you are attending the AGM please assist by advising the office as soon as possible. It is important we have accurate numbers for catering purposes.

Please advise if you are flying into Napier from Wellington or Auckland, we can arrange to collect you.

DIRECTIONS TO NAPIER WAR MEMORIAL CENTRE

The Napier War Memorial Centre is located on the waterfront at 48 Marine Parade

I look forward to seeing you all at the AGM

Regards

A handwritten signature in black ink, appearing to read 'Roger Dickie', with a stylized flourish at the end.

Roger Dickie

Irongate Forest Partnership Budget Cash flow Statement Year Ending 28 February 2018

	Cash flow is in NZ\$ and GST Exclusive												
	TOTAL	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
OPENING BALANCE	5,713												
INCOME													
Credit Interest	60	5	5	5	5	5	5	5	5	5	5	5	5
Investment Fund	20,744								20,744				
Sale of NZU's	70,500		55,500						15,000				
Roadlining Harvest Revenue	600,000									300,000	300,000		
TOTAL INCOME	691,304	5	55,505	5	5	5	5	5	35,749	300,005	300,005	5	5
EXPENDITURE													
Roadlining Expenses													
Forest Roding	288,000									144,000	144,000		
Harvesting Costs	180,000									90,000	90,000		
Cartage	102,000									51,000	51,000		
Miscellaneous	6,000									3,000	3,000		
Harvest Management	24,000									12,000	12,000		
Forest Expenses													
Forest Management	14,775	600	7,200	615	600	600	600	600	1,360	600	800	600	600
Plot Imputation	15,500		15,500										
Harvest Planning	15,500		15,500										
Operation Expenses													
Fire Protection/Training/Levy	300								300				
Pest Control	2,000		2,000										
R&M Tracks	3,500								3,500				
Weed Control	1,000										1,000		
Health and Safety	75			75									
Administration Expenses													
Accountancy Fees	2,968			2,735	233								
Administration	4,440	370	370	370	370	370	370	370	370	370	370	370	370
Audit Fees	1,575					1575							
Bank Fees	60	5	5	5	5	5	5	5	5	5	5	5	5
Contingencies	2,000			1,000						1,000			
Meeting Costs	350				350								
Statutory Supervisor	1,500		375			375			375			375	
Subscriptions	470	470											
Compliance	2,239		1,000					1,000		239			
Financial & Standing Charges													
Insurance - Fire & Public Liability	20,744								20,744				
Legal Fees	600					600							
Rates	2,924			731			731			731			731
Valuation	580		580										
Other Expenses													
GST (refund)	0												
TOTAL EXPENDITURE	93,100	1,445	42,530	5,531	1,558	3,525	1,706	1,975	26,654	302,945	302,175	1,350	1,706
BALANCE	603,917	4,273	17,248	11,722	10,169	6,649	4,948	2,978	12,073	9,133	6,963	5,618	3,917

Notes to the Budget

Roadlining Revenue is from the harvest of the trees to form the road and skids. It is an assumption based on 500 tonnes recoverable logs per hectare at \$100/tonne average

On average 32 lineal metres of road is required per 1 hectare of forest. For the first 100 hectares they will form 3200 metres of road.

It is assumed that 12ha will be harvested for the roadlining and skid sites for the first 100ha of forest. This is based on 15 metres each side of the road and 10 skids.

Roading cost are assumed at \$90,000 per km. 3.2km of road to establish for first 100ha.

Harvest cost are based on \$30 per tonne

Cartage cost are based on \$17.50 per tonne

Miscellaneous includes Forest Levy, Weighbridge

Harvest Management is 4% of gross revenue

The above expenditure is estimated

Plot imputation - Infield measurement for yield and recoverable volume. @ \$50/ha - 310 ha

Harvest Planning @ \$50/ha

NZU Sale: 3,700 to sell in April, 1000 to sell in October at \$15.00

Liability Free NZU Balance at 1 March 2017 - 68,709