

## 2.9 CENTRE FOR MAORI INNOVATION & ENTREPRENEURSHIP

PGF Application		For: Approval	
<b>Applicant:</b>	Te Wananga o Aotearoa Te Kuratini o Nga Waka (TWOA)	<b>Pipedrive ID #</b>	Commercial
<b>Entity Type:</b>	Wananga	<b>PGF Funding Sought:</b>	\$500,000
<b>Region</b>	Waikato	<b>Total Project Value:</b>	Commercial informat
<b>Tier:</b>	1 - Regional	<b>Co-contribution rate:</b>	Comm %
<b>Sector:</b>	Maori business incubator	<b>Funding Structure:</b>	Grant

### We recommend that the SROs:

- a) **Approve** \$500,000 from the PGF fund towards the Centre for Maori Innovation & Entrepreneurship subject to:
- Confirmation of the co-contribution of \$ Commercial Informat;
  - Agreed staged payment gateways – A formal review to be undertaken with the continuation of funding subject to the achievement of agreed performance criteria; and
  - Agreement to the terms of reference for the governance group.
- b) **Note** project funding is a mix of:
- PGF funding \$500,000
  - TWOA \$ Commercial Informat
  - Commercial Information \$ Commercial Informat
  - Corporate sponsorship \$ Commercial Informat
  - Forecast revenue \$ Commercial Informat – Projected 2 years forecast provided (Service revenue and Design Lab Fees)
- In addition significant in-kind support from TWOA – premises and staff.
- c) **Note** post PGF funding the Centre will be supported through increased revenue (service and design lab fees), continued TWOA funding and sponsorship and community grant funding.
- d) **Note** that this proposal has developed from the feasibility report completed October 2018 and has wide regional support including TPK, Waikato-Tainui, Te Wananga o Aotearoa, Te Waka (Waikato Regional Development Agency), Te Humeka (Waikato Maori Business Network), Wintec, Tainui Waka Tourism, The Mighty Waikato (Hamilton and Waikato Tourism).
- e) **Note** that the applicant is seeking grant funding. The applicant is a Wananga; the proposed Centre for Maori Innovation & Entrepreneurship will not generate commercial returns with income generated utilised to cover operating expenses.
- f) **Note** that TWOA's core business is qualification based education. The Centre for Maori Innovation & Entrepreneurship will provide services and products aimed to address the pain-points Māori led-

businesses experience in the establishment, development, expansion and growth within the business life-cycle. This is not the normal business of TWoA.

**g) Note** that TPK commissioned the feasibility study and fully support this proposal.

**h) Note** that the PGF has previously received a number of proposals to fund similar centres for Maori innovation and entrepreneurship. These have been from national organisations (e.g. <sup>Commercial Information</sup>) looking to expand their reach across regional NZ. RED Ministers approach /view was not to support attempts to 'shoehorn' a national approach across regions while acknowledging real benefits could be achieved from local regional specific initiatives with clear local support and focus.

#### Proposal:

PGF funding over two years to support the establishment of a centre for Maori innovation and Entrepreneurship.

The centre will:

- Service Māori entrepreneurs, start-ups, and business growth, and provide a conduit/connector with iwi, Māori business networks and business development stakeholders, schools and communities (customers) across the Waikato Region;
- Focus on building resilience through capacity and capability development, connection to investors (<sup>Commercial Information</sup>), support through business advisors/mentors/coaches, facilitation and connection to existing central government agency services and support i.e. <sup>Commercial Information</sup> and other support services within the wider business eco-system i.e. <sup>Commercial Information</sup>
- Provide a pathway and collaborate with the proposed Innovation Hub in Tokoroa, and will collaborate and support through the TWoA network within the wider Waikato and partner networks.
- Address the needs of new and emerging Māori-led businesses, and support the development of sustainable businesses and job creation

Research has highlighted that intended customers of the Centre (taura, graduates, whānau, Māori entrepreneurs, start-ups, and businesses) currently do not utilize the existing eco-system for a number of reasons including:

- Limitations on their awareness of what is out there;
- Fragmented services; and
- A perception that it doesn't reflect their values and business motivations.

TWoA is an established tertiary education provider and will provide both co-funding and in-kind support to the project. The Centre will be established at the existing Mangakotukutuku campus of TWoA (Hamilton). The location provides accommodation services to support those throughout the wider Waikato region who can reside on site to access and maximize the Centres benefit. With TWoA's established regional offices the Centre will have an immediate conduit to Maori business in more isolated regional areas.

PGF funding will support:

- Co-working environment – support for circa <sup>Comm</sup> individuals
- Innovation Design Lab – the provision of a range of technologies not readily accessible
- Workshop area
- Programme delivery – a range of workshop programmes
- 3 dedicated Hui rooms.

<b>Assessment against the PGF criteria:</b>		
<b>Eligibility Criteria</b>		
This project fits PGF eligibility criteria through the creation of jobs and building businesses that lead to sustainable economic growth.		
<b>Productivity Potential</b>		
The purpose of the centre is to provide access to best practice support for emerging businesses, and where possible maximise the potential output in both production and financial resources. The target is to support at least 40 early-stage businesses across a variety of sectors.		
<b>Policy objectives and regional priorities</b>		
The Centre will contribute to achieving four of the key focus areas identified in the Waikato Regional Economic Development programmes 2018 – 2022: Support and development of Maori economic development projects; The development of a Waikato Regional Maori Business Hub; Support of, and development of Maori Tourism businesses; and strengthening of the ‘training to work’ transition pipeline through providing tailored guidance to start-up businesses.		
<b>PGF Criteria</b>	<b>Assessment Commentary</b>	<b>Rating (0✓ to 5✓)</b>
<b>Link with fund and government outcomes</b>		
Creates permanent jobs	The target is to create a minimum of <input type="text" value="50"/> jobs annually through the successful transition of entrepreneurs through business start-ups. This is to be achieved through the provision of business capacity and capability programmes and workshops, access to investors, business support advice, resources and network connections.	✓✓✓
Delivers benefit to the community	Building capability that will support Maori to generate business traction and viable long-term employment.	✓✓✓
Increased utilisation and returns of Maori asset base	14% of the Maori population reside within the Waikato, second in size only to Auckland. The Centre is designed to support and guide Maori to realise their potential, providing a key driver for Maori economic growth.	✓✓✓
Enhanced sustainability of natural assets	No direct alignment	
Mitigation of climate change effects	No direct alignment	
<b>Additionality</b>		
Adding value by building on what is already there	The centre will incorporate and build on the recently developed Maori Business Accelerator and Maori	✓✓✓

	business capability workshops. The centre will provide support through the critical early stage of business development increasing the likelihood of converting early investment into established and profitable businesses.	
Acts as a catalyst for productivity potential in the region	Through TWoA's existing regional network the Centre will connect with and support the latent business potential of isolated start-up businesses.	✓✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	The Centre will contribute to achieving four of the key focus areas identified in the Waikato Regional Economic Development programmes 2018 – 2022: Support and development of Maori economic development projects; The development of a Waikato Regional Maori Business Hub; Support of, and development of Maori Tourism businesses; and strengthening of the 'training to work' transition pipeline through providing tailored guidance to start up businesses.	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	Wide regional support including TPK, Waikato-Tainui, Te Wananga o Aotearoa, Te Waka (Waikato Regional Development Agency), Te Humeka (Waikato Maori Business Network), Wintec, Tainui Waka Tourism, The Mighty Waikato (Hamilton and Waikato Tourism).	✓✓✓✓
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	A strong governance and advisory structure incorporating representatives from Iwi, TWoA, Maori Tourism, Maori Business Network, Maori Commercial/Business and Innovation, and specialist/commercial expert from <b>Commercial Information</b> .	✓✓✓✓
Risk management approach	A strong regional approach to implementation with a wide stakeholder reach ensuring a regional breadth of business support.	✓✓✓✓
Future ownership / operational management	TWoA was established in 1984; it has a strong history in delivering its key educational products and operates with a sound balance sheet.	✓✓✓✓
<b>Analysis of the benefits and costs</b>		

- 14% of the Maori population resides within the Waikato
- 12,675 Maori are receiving Jobseeker Support
- 2/3 of Maori live in highly deprived areas

The Centre is designed to contribute positively to the above statistics encouraging and supporting Maori to develop and improve the sustainability of their businesses.

The comparative advantage of this proposal is that it is regionally led and builds on existing networks and resources.

## Financial Analysis

### Commercial Information

Financial viability of the proposal is dependent on Regional Trust funding and corporate sponsorship - Confirmation of commitments a condition of PGF funding.

## Funding Arrangements

Proposed funding against key deliverables – completion of site construction and fit-out with and agreed staged payment gateways - A formal review to be undertaken with the funding subject to the achievement of agreed performance criteria.

## Due Diligence and Ownership

TWoA as a Wananga is recognised as tertiary institutions under section 162 of the Education Act 1989. As such, Wananga are regarded as the peers of universities, polytechnics, and colleges of education. Under the Act: A Wananga is characterised by teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding a huatanga Maori (Maori tradition) according to tikanga Maori (Maori custom).

TWoA financials, audited by Audit NZ, have been reviewed and these indicate a sound financial position.

Due diligence is underway.

### TWoA Council members

- Vanessa Eparaima – Chair
- Hon. Te Ururoa Flavel – CEO
- Bryan Hemi – Deputy Chair
- Katie Bhreatnach
- Robert Gabel
- Stephen Ruru
- Jon Stokes
- Josh Wharehinga

### Key Management Personnel:

- Aisha Ross – Director Innovation and Development

## Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
<b>Uptake</b>	Low number of participants wanting to engage with the Centre	<ul style="list-style-type: none"> <li>• Significant Iwi, community and corporate engagement</li> <li>• Strong existing regional network</li> <li>• Staged PGF payments against KPIs</li> </ul>	Medium

#### Consultation undertaken or implications:

##### TPK

In April 2018 TPK commissioned a feasibility report (\$<sup>Comment</sup>) to provide evidence on three distinctive outcomes surrounding establishment of a regional Māori business centre as part of the Waikato Māori Economic Action Plan launched in February 2018. This proposal from Te Wānanga o Aotearoa is an outcome of that report and supported by all stakeholders Waikato Tainui, Wintec, Hamilton Waikato Tourism, Tainui Waka Tourism, Te Hūmeka Māori Business Association. The stakeholders listed confirmed the approach at a hui held 17<sup>th</sup> December 2018.

This initiative was identified as a priority in the Waikato Māori Regional Action Plan as mentioned earlier and has supported its development for over a year. Te Puni Kōkiri agrees that this makes a positive contribution to Māori development. On this basis Te Puni Kōkiri fully supports this application.

##### Supporting proposal:

Yes

##### Appendices:

Yes – Applications Commercial Information

##### Author of paper:

Nick Hough Investment Director, PDU Investment Team