

COVER SHEET

2.10 Growing the Kai in Kaipara (Kaipara Kickstart)		For: Approve	
Tier:	2 - Sectors	Sector:	Food and Fibre
Background & context:		Recommendation:	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Kaipara District Council (“KDC”) <p>Location:</p> <ul style="list-style-type: none"> Dargaville <p>Proposal:</p> <ul style="list-style-type: none"> The application is for Phase 1 of the Growing the Kai in Kaipara project which includes opening a Kaipara Kai Transformation Hub together with a feasibility study and activation plan. The aim of the Growing the Kai in Kaipara project (Phases 1 & 2) is to develop a potential 50,000 hectares of fertile land into a sustainable horticultural area. The applicant proposes that Phase 2 has the potential to support lost production from Pukekohe which based on the amount of fertile land in Kaipara would result in the creation of many jobs. <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$980,000 PGF Funding: \$980,000 <p>Background:</p> <p>The Kaipara District Council has identified 3 key “Kaipara Kickstart” initiatives for PGF support totalling approximately \$^{Commercial} to make use of the district’s potential whilst managing growth in a sustainable way. These three initiatives are aimed at building infrastructure and opening up land resources.</p> <p>The Growing the Kai in Kaipara project is one of the three projects in a combined “Kaipara Kickstart” package, with the other two projects focusing on Wharves/Ferries and Roads.</p>		<p>We recommend that the SROs:</p> <p>a) Consider this project within the broader “Kaipara Kickstart” package, and the importance of this element to the achievement of a meaningful uplift in economic activity in Northland.</p> <p>b) Note the alignment of this application with the 2016 Tai Tokerau Northland Economic Action Plan’s focus on “increased productivity, systems change and land use change” for the “Agriculture & Related Processing” area of opportunity.</p> <p>c) Note the main alignment to PGF criteria of delivering benefit to the community through capacity and skill building in local communities. Should it achieve its Phase 2 objectives, it would result in better utilisation of land and will provide significant economic and employment benefits.</p> <p>d) Consider the view of the PDU that the cost estimates are particularly conservative and lack detail. The PDU recommends that the contract ensures procurement processes are agreed and followed, and that any amounts approved are ‘up to’ amounts.</p> <p>e) Approve up to \$980,000 from the PGF fund towards subject to: the applicant providing competitive quotes for the work to be completed to the PDU’s satisfaction.</p>	

Phase one of the Growing the Kai in Kaipara project includes:

- 1) Opening a Kaipara Kai Transformation Hub (including ^{Co mer} FTE ^{Commercial Informa}) in partnership with key stakeholders, to help farmers to transform their land to deliver higher-value crops.
- 2) Feasibility study and activation plans to:
 - Extend the previous Ministry of Economic Development funded topo-climate study to the whole of Kaipara District.
 - Explore new crop types, new animals, aquaculture opportunities and options to adapt to climate change.
 - Conduct commercial and financial analysis (e.g. encourage private sector investment and facilitate food clusters of different foods).
 - Develop a guide to assist locals through the process of moving to higher-value activities and encourage inward investment into Kaipara.

Commercial Information

It is encouraging that the council has presented the PDU with a co-ordinated plan for the district, outlining the various initiatives rather than various separate feasibilities and business cases.

The cost estimates in Phase 1 are particularly conservative and lack detail. The PDU recommends that the contract ensures procurement processes are agreed and followed, and that any amounts approved are 'up to' amounts.

PGF criteria that this proposal supports:

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> • Limited initially as it is in a planning stage. Should the initiative prove successful the impact would be significant. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> • If implemented the Kai Transformation Hub intends assisting local farmers to investigate the viability and 	✓✓✓

	drive the transition to higher-value crops.	
Increased utilisation and returns of Māori asset base	<ul style="list-style-type: none"> Limited initially although through consultation but has significant scope to increase <small>Commercial Information</small> 	✓✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> In the event that the project is implemented and proves successful, it will make better use of existing land. 	✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> n/a 	
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> The project utilises and builds upon the 2003 topoclimate study done for the area. Should the project prove successful, it intends converting a potential <small>Commercial Inform</small> hectares of fertile land into a sustainable horticultural hub. 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Limited initially, but if implemented and as part of the broader Kaipara Kickstart initiative it could be meaningful. 	✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> This project aligns with the 2016 Tai Tokerau Northland Economic Action Plan's focus on increased productivity, systems change and land use change for Agriculture & Related Processing area of opportunity. 	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> The applicant is the District Council and a letter from Te Uri O Hau provides official support for this project. Dialogue will continue with all appropriate stakeholder groups and individuals throughout Phase one and two of the project. There is support for the project amongst the Northland Chief Executive group. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> As the project is managed by the General Manager of KDC, with support from the Major and Chief Executive Officer. It will also make use of the existing KDC governance structure. In addition, there will be wider regional stakeholder engagement/governance that includes the Northland Forward Together Forum made up of Mayors and Chief Executives of 	✓✓✓

	Northland as well as Iwi and Northland Inc.								
Risk management approach	<ul style="list-style-type: none"> This is adequately dealt with in the application given that it is at planning stage. 		✓✓✓						
Future ownership / operational management	<ul style="list-style-type: none"> Initially the Hub will be managed by the KDC; however the final ownership of the hub will be clarified in the business case. 		✓✓						
The purpose of this briefing is to consider recommending PGF funds to the: Growing the Kai in Kaipara (Kaipara Kickstart)									
<p>Risks Issues:</p> <p>Cost estimates in Phase 1 are particularly conservative and lack detail. The PDU recommends that the contract ensures procurement processes are agreed and followed, and that any amounts approved are 'up to' amounts.</p> <p>In addition, at this stage the management of the Hub post the first year is not confirmed and additional funding might be required for it to continue to operate.</p> <p>Eligibility points of note:</p> <ul style="list-style-type: none"> <i>Due diligence:-</i> Entity due diligence is not required as the applicant is a local authority. <i>Conflict(s) of interest:-</i> Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further. <i>Illegal Activity:-</i> Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity. <i>Alignment with Regional development plans:-</i> 2016 Tai Tokerau Northland Economic Action Plan. <i>Commercial funding availability:-</i> Given the primary nature of the project which is the development of a Kai Transformational Hub, access to commercial funding is not considered a feasible option. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	MPI
MPI feedback was requested, but given the short timeframe provided to them, it was not received by completion of the analysis.									
Supporting proposal:		Yes							
Appendices:		Yes - Application and supporting letters are as annexes							
Sponsor(s):		N/A							
Manager/Author of paper:		Paul Swallow, Investment Team / Jason Hall, Investment Team							