

COVER SHEET

2.8 Whanganui/Rangitikei Land Use Optimisation: Investigate the opportunities for growth and development of floriculture and medicinal plants Project PGF Application		For: Approve	
Tier: 1 - Regional	Sector: Primary Industry		
Background & context:		Recommendation:	
Applicant Organisation: <ul style="list-style-type: none"> Whanganui and Partners Ltd 		We recommend that the SROs:	
Location: <ul style="list-style-type: none"> Whanganui and Rangitikei 		a) Note That the work proposed follows recent land use diversification workshops held in Marton and Whanganui where floriculture and medicinal plants were identified as premium crops which have the potential for upscaling in these districts.	
Proposal: <ul style="list-style-type: none"> This application seeks to build on previous research and available information to scope and workshop the opportunities for growth and development of two crop “families” - floriculture and medicinal plants - in the Whanganui and Rangitikei districts. 		b) Note That this project is compatible to, and aligns with, the Land Use Optimisation priority (particularly high margin/low volume specialist and crops and products) in the Manawatu-Whanganui Action plan.	
Funding Sought: <ul style="list-style-type: none"> Total project value: \$ <small>Commercial Info</small> PGF Funding: \$35,000 (Grant) 		c) Note That the proposal has been assessed by MPI who recommend and support PGF funding to the level proposed.	
Background: <ul style="list-style-type: none"> Rangitikei District Council and Whanganui and Partners (the EDA for Whanganui) hosted two land use diversification workshop in Marton in late July and in Whanganui in early September this year. Floriculture and medicinal plants were selected first-up opportunities as they are premium commercial crops currently grown at a small scale across these districts. The project is small in scale looking to collate 		d) Note The PDU Investment Team has assessed the application and acknowledges that the project, with its clear objective of diversifying and growing the regional agricultural economy, has strong alignment with the primary objective of economic resilience.	
		e) Support The recommendation to Approve \$35,000 grant from the Provincial Growth Fund towards the investigations into the commercial upscaling of floriculture and medicinal plants in the Whanganui and Rangitikei districts subject to:	
		i) The description of the milestone deliverables; and	

<p>existing information on business entry and crop processing requirements, risks, biosecurity matters, skills, market access and trends. It will present findings through a range of fora including workshops with key stakeholders and interested growers.</p> <ul style="list-style-type: none"> • These crops do not require large blocks of land and have a low capital investment requirement for entry. This provides an ideal opportunity for participation by the local community. • A further application to PGF for a full business case and marketing plan is likely to be filed in 2019 if all or any part of these crop families show promise for growth and expansion from the current level of production and participation in the district. 	<p>ii) Details on how the results of these investigations will be disseminated at the end of this project and how the impetus will be maintained and delivered in future years.</p>	
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"> • Potentially strong economic impact – new investment into the region, generation of new jobs, improved profitability and income streams. 	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> • Encourages and supports rural enterprise diversity through alternative land use. 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> • Whanganui and Rangitikei Maori land trusts are keen to engage and participate in the commercial aspects of establishing and developing these horticultural enterprises. These types of small-scale enterprise resonate with small land holdings such as Maori land trusts because of the low capital investment requirements for entry. 	✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> • 	
Mitigation of climate change effects	<ul style="list-style-type: none"> • Horticulture enterprises provide a low carbon alternative to livestock farming. This is particularly poignant to dairy farmers in the region as it will enable them to meet Horizons One Plan rules and consent conditions while maintaining their farm income with a lower stocking rate. 	✓✓
Additionality		

Adding value by building on what is already there	<ul style="list-style-type: none"> There is a nascent cut flower and bulb and medicinal plant industry in the district. The goal of the councils is to encourage the development and expansion of these industries so as to diversify the primary sector business contributions to the local economy. 	✓✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Support and grow the economic viability of the region through alternatives horticultural enterprises. 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> Land Use Optimisation is one of the high priority areas in the Manawatu-Whanganui Economic Action Plan (Accelerate25). 	✓✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> This has endorsement from the Lead Team members of Accelerate25, the Whanganui and Rangitikei District Councils, iwi leaders and has attracted interest from other neighbouring Central District councils. 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Whanganui and Partners is a competent EDA which has reinvigorated and refocused its support for the key rural small holdings that have pockets of high quality land suited to specialist crops such as these. This EDA is a subsidiary of Whanganui District Council with a small management team and governance dedicated to the oversight of its economic development programme of work. 	✓✓✓✓
Risk management approach	<ul style="list-style-type: none"> Whanganui and Partners has identified lack of full land owner consensus to this programme and the next steps as risks to the project. Mitigation measures have been identified. 	✓✓
Future ownership / operational management	<ul style="list-style-type: none"> Whanganui and Partners will make all information available to land owner end users and interested parties through its workshops and other fora and media. Both councils will also ensure that adjacent councils have access to this information. They will actively look to promote and facilitate like industries to work together to upscale and further develop the floriculture and other crops promoted through this study. 	✓✓✓✓
<p>The purpose of this briefing is to consider recommending PGF funds to the Whanganui/Rangitikei Land Use Optimisation: Investigate the opportunities for growth and development of floriculture and medicinal plants Project</p>		

Risks Issues:

- The major risk is that the findings of this project do not translate to adoption of new horticultural crops by land owners as advocated through the study. This risk is mitigated through the provision of quality information from trusted advisers. Note also this scoping exercise is the first stage of a potentially larger project which, if proceeds, will have a substantial tech transfer programme built into its design and implementation.

Eligibility points of note:

- *Due diligence:* Entity due diligence has been completed. No issues identified.
- *Conflict(s) of interest:* Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further.
- *Illegal Activity:* 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.
- *Alignment with Regional development plans:* This project aligns with the Land Use Optimisation priority in Accelerate 25 (M-W Action Plan). There is provision made in the Rangitikei's and Whanganui District Council's Long Term Plan (LTP) (2018-2028) for in the theme areas of Economic Development; Environment/climate change and community resilience all under which this project falls.
- *Commercial funding availability:* Given the nature of the project which is to explore the opportunities for growth and development of two crop "families" - floriculture and medicinal plants - in the Whanganui and Rangitikei districts 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
Supporting proposal:		Yes							
Appendices:		Yes - Applications and supporting letters are as annexes							
Sponsor(s):		N/A							
Manager/Author of paper:		Nick Hough, Investment Team							