

2.19 Paetawa Station Development

Project:	Paetawa Station Development		FOR:	Approval
Applicant:	Heeni Investment Co Ltd		Pipedrive ID:	Commercial
Application type:	Whenua Maori	(A) Total Project Value:	\$ Commercial Information	
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Information	
Entity Type:	Company	(C) PGF Funding Recommended:	\$457,477	
Region:	Manawatu-Wanganui	(D) Applicant Contribution:	\$ Commercial Information	
Tier:	2 - Sectors	(D/A) Co-contribution Rate:	Commercial %	
Sector:	Agriculture / Horticulture			
Application summary:	<p>The project is to undertake preparatory work to ensure the land is in a state ready for a larger project in relation to the whenua. The larger project is to diversify the use of the land so that it can be used for sustainable farming and forestry as well as resolving issues such as soil erosion and ecological restoration.</p> <p>The initial project for which PGF funding is being sought will involve constructing and repairing approximately 12 kilometres of fencing, riparian planting, maintenance of farm tracks and gorse eradication.</p> <p>The PDU recommends supporting this project because the works are necessary in order for the land to provide sustainable, long-term economic benefits to the people of Te Urumingi Whanau Trust (owners of Heeni Investment Co) and more widely to the people of Te Atihau.</p> <p>[Please see full project description in the Application Description Section]</p>			

The PDU recommends that SROs:

Approve up to \$457,477 of grant from the PGF towards Heeni Investment Company Limited:

➤ Because

- The project is undertaking preparatory works necessary to unlock the economic value of Whenua Maori.
- The long term economic benefits will be distributed widely to Te Urumingi Whanau Trust beneficiaries, in the form of financial returns from sustainable forestry and beef grazing as well as offering employment to whanau, iwi and the local community more generally. This aligns with the Whenua Maori funding goal to increase productivity of Maori land and to support businesses that create opportunities for Māori to be employed on their own whenua.
- The project meets the following whenua Māori principles:
 - The land is owned by Māori land owners – Commercial Information to return the governance and management of 42,000 hectares of land to Whanganui iwi, the original inhabitants of the area.

- The project increases productivity – the project is preparatory work that is necessary for a larger project that aims to maximise the potential of the land economically and culturally.
- The project will commence within the timeframe of the PGF – the applicant’s project plan estimates that all works will be completed by Commercial Information
- Land owners have established governance and management arrangements – an experienced project manager has been identified. The applicant, Heeni Investment Co Ltd is a registered company established in 1993 to increase the economic wealth of Te Urumingi Whanau Trust.
- There is no evidence that indicates negative impacts on water quality and climate change. in fact the project will undertake riparian planting to protect waterways.

➤ Note:

- The land on which the preparatory works are being undertaken is Commercial Information to Te Urumingi Whanau Trust. Heeni Investment Co, the applicant, is the wholly-owned commercial arm of Te Urumingi Ahu Whenua Trust.

- Commercial Information

➤ Subject to:

- Key deliverables being agreed to with the applicant.
- Quotes being secured from contracting parties to confirm prices of project activities being undertaken by third parties.
- Satisfactory financial analysis and due diligence.

- Commercial Information

Section A: Triage – Assessment against PGF eligibility criteria

➤ Is the project an illegal activity?	No
➤ Is the project located in the three main metropolitan areas?	No
➤ Is the project seeking investment in large scale infrastructure of social assets?	No
➤ Is the project seeking investment for three waters?	No

Application description

The project is to undertake preparatory work to ensure the land is in a state ready for a larger project in relation to the whenua. [Redacted] Commercial Information

The initial project for which PGF funding is being sought will involve constructing and repairing approximately 12 kilometres of fencing, riparian planting, maintenance of farm tracks and gorse eradication. This work will take place across an area of approximately 350-400hA (see Appendix One). The final report for this project is scheduled to be delivered to the PDU on [Redacted] Commercial Information.

Background

The applicant for this project is Heeni Investment Company Ltd (Heeni) which is a wholly-owned company of Te Urumingi Whanau Trust set up in 2001 to develop the economic wealth of Te Urumingi Whanau Trust and its beneficiaries. Te Urumingi Whanau Trust objectives align to delivering the best possible outcomes economically and culturally for descendants of Te Ratana Te Urumingi and Heeni.

The land on which the project is to be undertaken [Redacted] Commercial Information

The overall vision of this project is to restore the mana of the whenua by lifting productivity and determining the best sustainable use that supports the aspirations and economic needs of the descendants of Te Urumingi. [Redacted] Commercial Information funded the preparation of a farm plan for Paetawa Station in 2014 that looked at what could be achieved through diversification of land use and making changes to what were existing management practices at the time.

Project delivery

The initial preparatory works being undertaken for this project is to enable the implementation of a [Redacted] Commercial Information project scheduled to commence in [Redacted] Commercial Information. This project will involve the following activities:

- Approximately 12 kms of fencing construction and maintenance of fencing.
- Riparian planting along waterways.
- Farm track maintenance.
- Eradication and control of gorse.

The applicant has identified suppliers to undertake all of the above activities. Heeni has a policy of using its own people first where possible before going to market. Businesses identified for contracting for the project are as follows:

- [Redacted] Commercial Information
- [Redacted] Commercial Information
- [Redacted] Commercial Information
- [Redacted] Commercial Information
- [Redacted] Commercial Information

The project manager for this project is [Privacy of natural persons], who will be responsible for the project and report to the directors and leadership team of Heemi on progress. [Privacy of natural persons] has provided a project plan, a breakdown of estimated costs for the project and a table of proposed deliverables. The proposed deliverables with associated payments are set out below:

#	Description	Payment criteria	Invoice value (excl. GST)	%	Invoice date
1	Initiation payment	On execution of contract to cover the purchase of materials, mapping costs, progress payment for fertiliser spraying, project management and administration allocation	\$ [Commercial Information]	[Comm] %	[Commercial Information]
2	Progress payment	Progress payment for fertiliser spraying and application, project management and administration allocation	\$ [Commercial Information]	[Comm] %	[Commercial Information]
3	Progress payment	Progress payment for fencing, project management and administration allocation and final payment for fertiliser spraying and application and project	\$ [Commercial Information]	[Comm] %	[Commercial Information]
4	Final payment	Completion of fencing and project management and administration allocation. Delivery of final report to PDU	\$ [Commercial Information]	[Comm] %	[Commercial Information]
Total			\$ [Commercial Information]	[Comm] %	

Note - this total project cost includes [Comm] % for contingency which is why the invoices above do not sum to \$457,477.

Land ownership

Atihau Whanganui Inc is the asset holding body corporate for the Iwi Te Atihau.

Atihau became the owners of the land on which Paetawa farm exists through their Treaty Settlement. This farm had originally belonged to the local people - now formed as Te Urumingi Whanau Trust. The Te Urumingi Whanau Trust has an investment arm, Heeni Investment Company Ltd, which is the applicant for this funding.

Commercial Information

This application meets the criteria of 'funding the land owners' on the basis:

- That Atihau Whanganui Inc own the land
- That the applicants, Te Heeni Investment Company Ltd, are shareholders in all Te Atihau interests, particularly this land

Commercial Information

- Commercial Information
- Commercial Information

Commercial Information

Overseas Investment Office

- Is the application being made by a non-New Zealand based legal entity? (Foreign investment laws may apply and the Overseas Investment Office consulted)

No

Section B: Operational Assessment Criteria (Complete for EoIs and Applications)

(Rate and comment – 1= poor, 5 = very good - Provide the number for this project, not subsequent phases)

Fund and government outcomes

Please highlight number below

Would the project:

<ul style="list-style-type: none"> ➤ create permanent jobs? 	<p>This project doesn't create any jobs directly, other than the resource required by contractors. The project prepares for jobs to be created as the preparation work being undertaken under this project is necessary to implement the findings from the Commercial Information farm plan completed in 2014. The farm plan recommended diversification of land use through the undertaking of beef grazing and establishment of carbon sequestration and farm forestry, both of which will be enabled by this project.</p>	<p>Commercial Information</p>
<ul style="list-style-type: none"> ➤ deliver community benefits? 	<p>The vision for the wider project is to restore the mana of the whenua/land by lifting primary productivity and determining the best sustainable use that supports the aspirations and economic needs of the Te Urumingi Whanau Trust beneficiaries. The project will also benefit the Te Ati Hau iwi more widely as the land is owned by Atihau Whanganui Inc.</p>	<p>Commercial Information</p>
<ul style="list-style-type: none"> ➤ increase utilisation of and returns on Maori assets? 	<p>The land is Maori whenua. This project increases stock capacity and ensures sustainability of the land through riparian planting and fencing.</p>	<p>Commercial Information</p>
<ul style="list-style-type: none"> ➤ enhance the sustainability of natural assets? 	<p>As above, riparian planting will be undertaken to stabilize land and protect waterways from livestock.</p>	<p>Commercial Information</p>
<ul style="list-style-type: none"> ➤ mitigate climate change effects, or assist with the lowering of emissions? 	<p>Long term, afforestation will create permanent forest zones that will contribute to carbon sequestration outcomes.</p>	<p>Commercial Information</p>

Additionality

Would the project:

<p>➤ add value by building on what is already there, without duplicating effort?</p>	<p>Commercial Information funded a farm plan for Te Urumingi Whanau Trust that identified opportunities to diversify land use and maximise economic return from the whenua/land in a sustainable way. This project is to undertake necessary work required to implement the findings of the farm plan.</p>	<p>Commercial Information</p>
<p>➤ be a catalyst for productivity potential in the region?</p>	<p>PGF funding will be applied from the \$100 million Whenua Maori allocation. This allocation is for projects being undertaken by Maori landowners that face significant barriers to land development.</p>	<p>Commercial Information</p>

Connected to regional stakeholders and frameworks

Does the project:

<p>➤ align with regional priorities, such as frameworks, or regional plans?</p>	<p>PGF funding will be applied from the \$100 million Whenua Maori allocation. This allocation is for projects being undertaken by Maori landowners that face significant barriers to land development. This project is implementing findings from a Commercial Information funded farm plan developed in 2014 for the Paetawa Station.</p>	<p>Commercial Information</p>
<p>➤ have the support of local governance groups (councils, iwi and hapu)?</p>	<p>Land is Commercial Information Commercial Information. The initial farm plan was funded by Commercial Information</p>	<p>Commercial Information</p>

Governance, risk and project execution

Does the application show:

<p>➤ robust project management and governance systems?</p>	<p>All relevant project personnel have been identified. Evidence of Heeni delivering projects successfully for the benefit of Te Urumingi Whanau Trust has been provided with the application.</p>	<p>Commercial Information</p>
<p>➤ plans for future ownership and operational management?</p>	<p>Paetawa station will be operated by Heeni Investment Company for the benefit of Te Urumingi. Atihau Whanganui Inc own the land on which Paetawa Station is located Commercial Information</p>	<p>Commercial Information</p>

➤ how the project will be delivered and managed?	Project manager has been identified, project plan provided and contractors for the delivery of project activities have also been identified.	Commercial Information
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Section C: Risk Management Evaluation

Does this application demonstrate consideration of the following risks?		Commercial Information
Risk description	Mitigations	Risk Rating
External prices provided by contracting parties are inaccurate	The applicant will secure fixed quotes from the contracting parties	Commercial Information
Contracts for the completion of project activities are not completed within estimated timeframes	Project manager will monitor progress and meet with contractors on a regular basis in order to identify/manage any potential issues as they arise and before they impact on the fulfilment of contracts	Commercial Information
Commercial Information	The applicant has asked the Commercial Information	Commercial Information

Section D: Funding and financial analysis Please highlight number below

Does the application show:		
➤ How strong is the financial position of the applicant organisation?	Financial information provided by the applicant shows that Heeni Investment Co is a small entity, with just \$ ^{Commercial In} in shareholder's equity as at 31 March 2019 (up from \$ ^{Commercial} the year prior). Note that the ^{Comm} % of Heeni Investment Co's ^{Commercial Information}	Commercial Information

	<p>Heeni Investment Co derives income from multiple small ventures. The applicant's Commercial Information reported the biggest gross profit from its ventures of \$ Commercial Information</p> <p>Free and frank opinions</p>	
<p>➤ How does the scale of the project compare to their overall business?</p>	<p>Heeni has undertaken larger projects than the one proposed in the last 5 years that were of a different nature Commercial Information</p>	<p>Commercial Information</p>
<p>➤ Why is Crown funding being sought rather than commercially-available funding?</p>	<p>Commercial Information</p>	<p>Commercial Information</p>
<p>➤ What does the independent financial analysis/ business case indicate?</p>	<p>N/A</p>	<p>Commercial Information</p>
<p>➤ Is the funding model requested appropriate? Is the PDU recommending a different model?</p>	<p>A grant is considered to be a suitable funding model for this project due to the size of the project and the wide range of people the project is set to benefit. If successful, the long term project will ensure that sustainable economic returns from the land are achieved for the benefit of Te Ururangi Whanau Trust. Commercial Inform</p>	<p>Commercial Information</p>
<p>➤ Has the applicant provided evidence of market pull for this project?</p>	<p>N/A</p>	<p>Commercial Information</p>
<p>➤ Has the applicant provided evidence that their supply chain is secure?</p>	<p>Applicant has identified contractors for all activities to be undertaken for this project and secured quotes for some activities.</p>	<p>Commercial Information</p>
<p>Summary of funding and financial analysis:</p>	<p>Financial information provided by Heeni Investment Co shows that the company operates on a small scale and would likely struggle to fund this project without PGF assistance.</p>	<p>Commercial Information</p>

Funding arrangements

Funding will be made by way of a grant, subject to the completion of deliverables agreed between the PDU and Heemi Investment Company Ltd at the contracting stage.

Deliverables proposed in Heeni's application are as follows:

#	Description	Payment criteria	Invoice value (excl. GST)	%	Invoice date
1	Initiation payment	On execution of contract to cover the purchase of materials, mapping costs, progress payment for fertiliser spraying, project management and administration allocation	\$ <small>Commercial Information</small>	<small>Comme</small> %	<small>Commercial Information</small>
2	Progress payment	Progress payment for fertiliser spraying and application, project management and administration allocation	\$ <small>Commercial Information</small>	<small>Comme</small> %	<small>Commercial Information</small>
3	Progress payment	Progress payment for fencing, project management and administration allocation and final payment for fertiliser spraying and application and project	\$ <small>Commercial Inform</small>	<small>Comme</small> %	<small>Commercial Information</small>
4	Final payment	Completion of fencing and project management and administration allocation. Delivery of final report to PDU	\$ <small>Commercial Inform</small>	<small>Comme</small> %	<small>Commercial Information</small>
Total			\$ <small>Commercial Informat</small>	<small>Comme</small> %	

This total project cost includes Comm % for contingency which is why the invoices above do not sum to \$ Commercial Informatio

Consultation from partner agencies undertaken or implications

Te Puni Kokiri has provided feedback and they are supportive of this proposal.

Conflicts of interest and T&Cs

N/A

Due diligence has been undertaken and no further action is required.

Summary statement of Application Review undertaken

The following Review has taken place in connection with this application:

All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.

Consultation with the relevant partner agencies has occurred allowing them to provide any relevant technical advice with any feedback included verbatim within this application form.

In the development of this form:

- i. A review by an Investment Director has taken place and included the following to the satisfaction of the reviewer:
 - a. An evaluation against the PGF criteria;
 - b. Financial analysis;
 - c. A risk assessment, highlighting any relevant or key risks;
 - d. Conflicts of interest have been noted and accepted and the reviewer concurs with the recommendation proposed.
- ii. The Head of Investment has reviewed this recommendation.
- iii. This application has been discussed by the PDU SIT.

Review has been completed

Yes

Supporting proposal:

Yes

Appendices:

Yes - Application and supporting letters are as annexes and locality map of Paetawa Station provided as an appendix

Author of paper:

MN, Investment Analyst, PDU Investment Team
NH, Investment Director, PDU Investment Team