

2.16 Hereumu Trust

Project:	Hereumu Trust		FOR: Approval
Applicant:	Hereumu Trust – Tikitiki A25		Pipedrive ID: Commercial Information
Application type:	Whenua Māori	(A) Total Project Value:	\$ Commercial Information
Funding type:	Grant	(B) PGF Funding Sought:	\$ Commercial Information
Entity Type:	Maori Land Trust	(C) PGF Funding Recommended:	\$687,400
Region:	Tairāwhiti	(D) Applicant Contribution:	\$ Commercial Information (Commercial Information
Tier:	2 - Sectors	(D/A) Co-contribution Rate:	Commercial Information %
Sector:	Agriculture / Horticulture		
Application summary:	<p>Hereumu Station (HS) is a 716 hectare (ha) Māori freehold land owned beef and sheep station in the Poroporo Valley north of Tikitiki in the Tairāwhiti region.</p> <p>The station has worked hard since 2014 to increase its productivity and has recently implemented a five-year plan to become self-sufficient. This aims to increase effective use of land by Commercial Information %, Commercial Information revenues to reinvest back into the station and showcase Māori farming on the East Coast making shareholders proud of their whenua.</p> <p>The Trust is seeking a grant from the PGF to increase productivity and profitability by investing in key infrastructure. Due to its relatively small size it does not have the funds to invest in fencing, land clearance and preparation. Currently all revenues are reinvested back into operations. The applicant does not have the financial resources to make this step change investment but it does have the land and management skills to implement the project. Recent financials indicate the operation's position is improving.</p> <p style="text-align: center;">Commercial Information</p> <p>For this reason and as a project unlocking potential of Māori landowners, this application would suit the PGF Whenua Māori fund.</p> <p>The Trust has submitted a revised application which includes some operational costs. The recommendation of this evaluation is to approve a grant for infrastructure expenses only.</p> <p><i>[Please see full project description in the Application Description Section]</i></p>		

The PDU recommends that: this Application be approved by SROs:

Agree to approve an up to \$687,400 grant from the PGF towards Hereumu Trust

- Because:
 - the project aligns well to the PGF Whenua Māori fund by unlocking potential and increase productivity of the land (this is set out by the applicant’s WM allocation principles in the application description below);
 - the project creates good additionality as the station is a long standing business with room to optimise its potential;
 - it has good regional and agency support; and
 - the project is ‘shovel’ ready with an experienced team and a Commercial Information project length which means there could be a completion date of Commercial Information

- subject to:
 - full due diligence review being completed;
 - confirmation of the budget as per the application; and
 - the continued employment of the farm manager contracted to the project for a period reflective of PGF investment.

- Note:
 - this is one of several Whenua Māori applications within the Tairāwhiti region;
 - Commercial Information application is for a grant for \$949K;
 - the Trust applied to Commercial Information and an unwillingness to use Māori Freehold Land as security;
 - this project aims to improve the water quality of the Poroporo River and the Waiapu catchment as per the budget allocated to fence-ways and the Trust’s support of regional framework on pages 8 and 9;
 - the co-contribution includes past investments back into the station (see co-funding table below); and
 - due diligence is in progress with some items to be checked with the applicant.

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

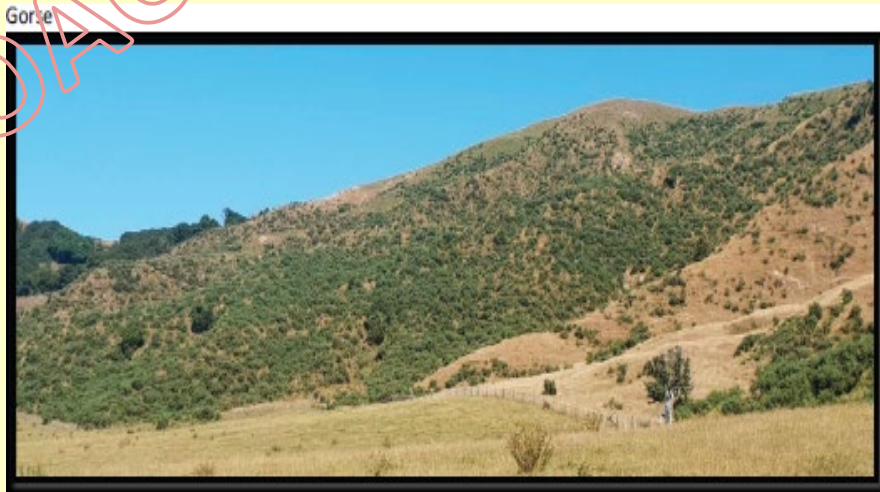
The Trust and the opportunity

Hereumu Trust is an Ahu Whenua Trust which manages Tikitiki A25 trading as Hereumu Station. There are 624 owners in Tikitiki A25. Hereumu Station (HS) is located on the East Coast, approximately 15 minutes from Ruatoria and two hours from Gisborne. HS comprise 716 hectares plus 33 hectares Te Hue block Commercial Information. The total station covers 750ha which is divided as:



Pine forestry accounts for Commercial Info and is due for harvest in Commercial I and Commercial I. In addition to the land, there are four buildings in varying levels of condition and planned maintenance over the longer term.

The station has approximately Commercial Info of gorse and scrub. In 2016 and 2017 a total of Commercial I of gorse was sprayed. However the Trust did not have the funds to continue the program and it did not have the cattle stock to reduce the gorse regrowth.



Water Supply

Areas of the station have no access to water unless it rains. This reduces the ability to effectively manage grazing in the dry summer months. The farm manager has been creative and used his skills to recycle items on hand to install water irrigation to parts of the property. However the property would benefit from investment in this area as per the table below. This will increase the resilience of the station.

In addition, the Poroporo river crosses the station, and so investment will be made to fence waterways to reduce the environmental impact of the station's activity on the river.

The Five Year plan

Hereumu Trust is looking for funding to support their Five-year plan. The application also suggests investment in crops, capital assets and accommodation. However this recommendation is only looking to approve the infrastructure costs of the project.

Funding Priorities

The Trustees have the following funding priorities:

Funding priorities	
1	Focus on restoring productivity to the land by implementing the five-year plan
	Essential fencing and yards development
	Fertiliser to lift soil fertility and condition
	Improve farm access and tracks
	Install water supply system
	Clearing of thistles, gorse and scrub
	Purchase assets to support farm productivity – tractor, sprayer and mulcher, computer, weigh system, security system
2	Commercial Information
3	Commercial Information

To achieve this the Trust has provided the following budget and the PDU has assessed this as follows:

REVISED APPLICATION	Land / Asset	Amount	PDU Commentary	PGF	PGF Cost
Cost Description: \$ (excluding GST)					
Fencing – 6 km to fence native blocks @ \$ ^{Commi} m for materials and labour	Native Block	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Fencing – 3 km to subdivide paddocks @ \$ ^{Commi} m for materials and labour	Paddocks	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Fencing – 3 km to enclose and subdivide paddocks cleared @ \$ ^{Commi} m for materials and labour	Gorse to New Paddocks	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Spray variegated thistles and ^{Commi} hectares of gorse	Gorse to New Paddocks	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Spray variegated thistles and ^{Commi} hectares of gorse	Gorse to New Paddocks	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Stock yards x 2 – materials and labour	Stock Yards	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Capital and maintenance fertiliser for ^{Commi} hectares including product and application @ \$ ^{Commi} T plus cartage	Land Preparation (Fertiliser)	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Capital and/or maintenance fertiliser for ^{Commi} hectares including product and application @ \$ ^{Commi} T plus cartage	Land Preparation (Fertiliser)	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Install ^{Commi} tanks and reticulation and troughs to paddocks	Water Tanks	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Clearing tracks to provide better access to bush blocks	Track Access	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Security camera system for yards, computer and weigh scales	Security Camera etc.	\$ ^{Commercia}	Infrastructure	✓	\$ ^{Commercia}
Commercial Information		\$ ^{Commercia}	Commercial Information	x	\$ ^{Commercia}
Commercial Information		\$ ^{Commercia}	Commercial Information	x	\$ ^{Commercia}
Commercial Information		\$ ^{Commercia}	Commercial Information	x	\$ ^{Commercia}
Commercial Information		\$ ^{Commercia}	Commercial Information	x	\$ ^{Commercia}
Total		\$ ^{Commercia}			\$ ^{Commercia}

This project will increase the:

- Effective area (from ^{Commi} in ^{Commi} to ^{Commi} in ^{Commi})
- Productivity
 - Cattle numbers sold will increase by ^{Comme}% from ^{Commerc} in ^{Commercia} to ^{Commerc} in ^{Commercia}
 - Net sheep numbers sold will increase by ^{Comme}% from ^{Commerc} in ^{Commercia} to ^{Commerc} in ^{Commercia}
 - Calves increase by ^{Comme}% from ^{Commerc} in ^{Commercia} to ^{Commerc} due to increasing herd size
 - Lambs bred increase by ^{Comme}% from ^{Commerc} in ^{Commercia} to ^{Commerc} by ^{Commerc} due to increasing herd size and improved lambing rates
 - Fewer sheep deaths from ^{Comme}% to ^{Comme}% (^{Commerc} sheep between ^{Commerc} and ^{Commerc})
- Profitability (doubling gross farm income from \$^{Commerc} in ^{Commercia} to \$^{Commerc} in ^{Commercia})
- Commercial Information
- Showcase Maori land business success on the East Coast.

This will allow Hereumu Station to continue to be run as a sheep and beef farm ^{Commi}. This will allow the Trust to obtain the best long-term results for whenua and owners.

Once the station is profitable, the Trust will be in a position to follow its long term social/environmental goals (not part of this application).

Ahuwhenua Trophy

In 2018, the Trustees entered the Ahuwhenua Trophy competition as a means to identify and assess the strengths and weaknesses of the station. The report recommended continued expenditure on fertiliser and weed control as a means of improving productivity and profitability. A key strength identified in the report is the farm manager is an asset to the station, having a good understanding of the farming business and the potential to improve the productivity and the profitability of the station.

Investment and alignment to the PGF Whenua Māori Fund

Commercial Information

Commercial Information

Further, PGF investment fulfils the Whenua Māori criteria of unlocking economic potential of Māori land, owners and the community whilst demonstrating additionality through building on the existing HS and the experience of the trustees, manager and accountant.

PGF Whenua Maori Allocation Principles

Principle	How our five-year plan complies with these principles
Lifts the productivity potential of the land	Five-year plan increases effective area of farm and the productivity of farmland by clearing scrub and gorse, appropriate application of fertiliser to lift soil fertility.
Commences within the timeframes of the PGF	Five-year plan is ready to be implemented immediately.
Effective governance arrangements	Trustees regularly monitor financial and farm performance against budgeted/expected outcomes. Trustees and manager have close working relationship with accountant and engage expert advice when appropriate. Trustees regularly encourage shareholders to attend AGMs, nominate new Trustees and participate in the business of the farm and the land.
Evidence of expert commercial advice on the best use of their land	Five-year plan reviewed and updated with advice from accountant and farm advisors such as Commercial Information . Trustees have considered other land use options Commercial Information but consider farming will achieve the long-term goals of the Trustees and owners.
Project reduces, negative impacts on water quality	Five-year plan includes fencing and retiring native bush blocks to allow native flora and fauna to regenerate, fencing to protect river and reducing livestock crossing the river by building stock yards on the other side of the river.
Project contributes to mitigating or adapting to climate change effects, and a just transition to a low emissions economy	Five-year plan includes installation of water systems to reduce the impact of climate change. Retirement of native bush areas will help offset carbon emissions and proper management of forestry blocks will ensure maximum carbon sequestration.
Protection and enhancement of indigenous biodiversity	Retirement and fencing of native bush will allow native flora and fauna to regenerate.

Co-Funding Table

Co-Funder	Pledged/Confirmed/Cash/In-Kind	\$
Hereumu Trust - in the five years to June 2019 the Trust has invested in the following infrastructure:	Boundary fencing to stock proof farm, internal fencing to split paddocks for better grazing management	\$ Commercial Information
	Purchase Commercial In breeding ewes – to improve herd age and genetics	\$ Commercial Informat
	Application of maintenance fertiliser and sowing of fodder crops for lambs	\$ Commercial Inform
	Spraying of gorse, scrub and thistles	\$ Commercial Inform
	New dams	\$ Commercial In
	Commercial Information	\$ Commercial Inform
Total		\$ Commercial Informat

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
Does the Application have a Te Ara Mahi (TAM) component?	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? 	<ul style="list-style-type: none"> Due to the small size of Hereumu Station, no permanent jobs are created with this application; However as productivity increases, it is expected there will be a need to employ local casual workers at busy times e.g. shearers and labourers. 	Commercial Information
<ul style="list-style-type: none"> deliver community benefits? 	<ul style="list-style-type: none"> Hereumu Station is owned by 624 people; if this investment is made, then all landowners will benefit by increased productivity of the farming station; Continue to offer Tikitiki School and Ngata College students farm skills and promote farming as a career and encourage them to stay in the region; The project meets the PGF Whenua Māori Fund principles to unlock the economic potential of Māori owned land for the owners and the wider community. 	Commercial Information
<ul style="list-style-type: none"> increase utilisation of and returns on Maori assets? 	<ul style="list-style-type: none"> The project aims to increase the productive Māori land on HS from ^{Commercial} [redacted] ha to ^{Commercial} [redacted] ha in ^{Commercial} [redacted]; More than double the gross farm income from \$^{Commercial Info} [redacted] (^{Commercial} [redacted]) to \$^{Commercial Info} [redacted] (^{Commercial} [redacted]). 	Commercial Information
<ul style="list-style-type: none"> enhance the sustainability of natural assets? 	<ul style="list-style-type: none"> The five year plan allows the maintenance of Hereumu Station. 	Commercial Information
<ul style="list-style-type: none"> mitigate climate change effects, or assist with the lowering of emissions? 	<ul style="list-style-type: none"> Installation of water systems to reduce the impact of climate change; Retirement of native bush areas will offset carbon emissions and management of forestry blocks will ensure maximum carbon sequestration. 	Commercial Information

Additionality		
Would the project:		
<ul style="list-style-type: none"> add value by building on what 	The farm already exists as does the experience which has increased the level of productivity over the last five years. This aligns well with the	Commercial Information

<p>is already there, without duplicating effort?</p>	<p>principles of the Whenua Māori fund as the project is proactively looking to lift the economic potential of Māori land.</p> <p style="text-align: center;">Commercial Information</p>	
<ul style="list-style-type: none"> • be a catalyst for productivity potential in the region? 	<p>The project is a local small scale farming station, so no evidence is provided.</p>	<p>Commercial Information</p>

Connected to regional stakeholders and frameworks

Does the project:

<ul style="list-style-type: none"> • align with regional priorities, such as frameworks, or regional plans? 	<p>The five year plan supports the aims of the following frameworks:</p> <ul style="list-style-type: none"> • Te Huarahi Hei Whai Oranga Tairāwhiti Economic Action Plan (TEAP) • Tairāwhiti Māori Economic Development Report (TMED) • Waiaipu Kōka Huhua (WKH) – restoring the Waiaipu catchment 100 year programme <table border="1" data-bbox="400 1048 1268 2033"> <thead> <tr> <th>Source</th> <th>Principle/Aim</th> <th>Connection to Hereumu's Five year plan</th> </tr> </thead> <tbody> <tr> <td>TMED</td> <td>Kaupapa tuatahi – focus on people through rebuilding rural community numbers</td> <td>Farm skills training for local students</td> </tr> <tr> <td>TMED</td> <td>Kaupapa tuatahi – whanaungatanga, supporting iwi to provide and support cultural connectedness</td> <td> <ul style="list-style-type: none"> • Encourage whanau to reconnect with their whenua • Annual farm open days • Possibility of having papakainga available as short term accommodation for owners to reconnect with their whenua </td> </tr> <tr> <td>TMED</td> <td>Kaupapa tuarua – enhancing the existing 'big project' economic opportunities related to the traditional primary industries</td> <td>By increasing our productivity and profitability we will maximise the potential economic return.</td> </tr> <tr> <td>TMED</td> <td>Kaupapa tuatoru – enhancing tourism on the East Coast with projects focussed on culture, eco-tourism and the environment.</td> <td>Our long-term goals include providing tourist accommodation and access to our regenerated native bush areas.</td> </tr> <tr> <td>TEAP</td> <td>Connecting people with markets – improving transport connections including SH35</td> <td> <p>Developing State Highway 35 connects Hereumu to Gisborne (2 hours) and Opotiki (2½ hours). Benefits:</p> <ul style="list-style-type: none"> • increase access to Hereumu for owners • attract potential tourists • lower transportation costs for </td> </tr> </tbody> </table>	Source	Principle/Aim	Connection to Hereumu's Five year plan	TMED	Kaupapa tuatahi – focus on people through rebuilding rural community numbers	Farm skills training for local students	TMED	Kaupapa tuatahi – whanaungatanga, supporting iwi to provide and support cultural connectedness	<ul style="list-style-type: none"> • Encourage whanau to reconnect with their whenua • Annual farm open days • Possibility of having papakainga available as short term accommodation for owners to reconnect with their whenua 	TMED	Kaupapa tuarua – enhancing the existing 'big project' economic opportunities related to the traditional primary industries	By increasing our productivity and profitability we will maximise the potential economic return.	TMED	Kaupapa tuatoru – enhancing tourism on the East Coast with projects focussed on culture, eco-tourism and the environment.	Our long-term goals include providing tourist accommodation and access to our regenerated native bush areas.	TEAP	Connecting people with markets – improving transport connections including SH35	<p>Developing State Highway 35 connects Hereumu to Gisborne (2 hours) and Opotiki (2½ hours). Benefits:</p> <ul style="list-style-type: none"> • increase access to Hereumu for owners • attract potential tourists • lower transportation costs for 	<p>Commercial Information</p>
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WKH	River restoration programme	Fencing the Poroporo river to reduce livestock impact												
<ul style="list-style-type: none"> • have the support of local governance groups (councils, iwi and hapu)? 	<p>No letters of support has been provided with this application.</p> <p>Has been endorsed by Tairāwhiti Economic Action Plan Governance group.</p>	Commercial Information												
Governance, risk and project execution														
Does the application show:														
<ul style="list-style-type: none"> • robust project management and governance systems? 	<p>This project is an extension of the current core business. Over the past five years, the Trustees and Farm Manager have achieved gains in livestock production, invested in infrastructure whilst working with limited resources.</p> <p>The key personnel within this project are the:</p> <ul style="list-style-type: none"> • Trustees – currently has three active Trustees and the board has two co-opted Trustees (all with solid experience); • Farm manager [redacted] Privacy of natural persons [redacted] and [redacted] • Accountant – [redacted] Privacy of natural persons [redacted] <p>The Trust holds bi-monthly meetings to discuss farm and financial performance and approve any expenditure and discusses strategic plans.</p>	Commercial Information												
<ul style="list-style-type: none"> • plans for future ownership and operational management? 	<ul style="list-style-type: none"> • Completion of the project will increase productivity and profitability of HS and will be debt free; • This puts HS in a strong position should nearby lease blocks become available for future expansion plans. 	Commercial Information												

- how the project will be delivered and managed?

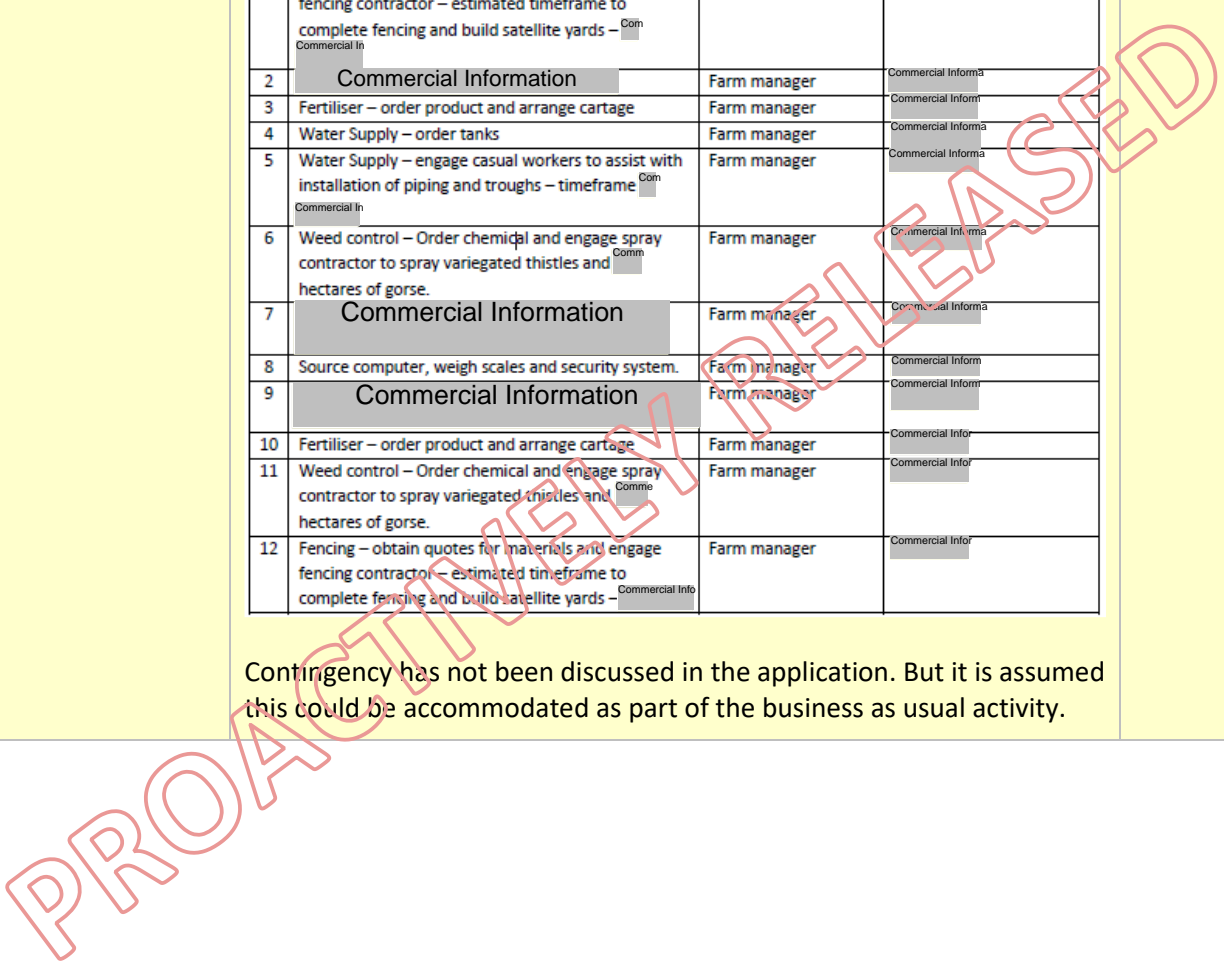
No formal procurement plans has been discussed in the application.
Free and frank opinions

Commercial Information

The applicant has provided milestones as per the table below. It is worth noting, that the table includes items requested as part of the application but are outside of this recommendation

#	Project Activity	Responsible:	Date / Period:
1	Fencing – obtain quotes for materials and engage fencing contractor – estimated timeframe to complete fencing and build satellite yards – Commercial In	Farm manager	Commercial Informa
2	Commercial Information	Farm manager	Commercial Informa
3	Fertiliser – order product and arrange cartage	Farm manager	Commercial Informa
4	Water Supply – order tanks	Farm manager	Commercial Informa
5	Water Supply – engage casual workers to assist with installation of piping and troughs – timeframe Commercial In	Farm manager	Commercial Informa
6	Weed control – Order chemical and engage spray contractor to spray variegated thistles and hectares of gorse. Comm	Farm manager	Commercial Informa
7	Commercial Information	Farm manager	Commercial Informa
8	Source computer, weigh scales and security system.	Farm manager	Commercial Inform
9	Commercial Information	Farm manager	Commercial Inform
10	Fertiliser – order product and arrange cartage	Farm manager	Commercial Inform
11	Weed control – Order chemical and engage spray contractor to spray variegated thistles and hectares of gorse. Comm	Farm manager	Commercial Inform
12	Fencing – obtain quotes for materials and engage fencing contractor – estimated timeframe to complete fencing and build satellite yards – Commercial Info	Farm manager	Commercial Inform

Contingency has not been discussed in the application. But it is assumed this could be accommodated as part of the business as usual activity.



Section C: Risk Management Evaluation

Does this application demonstrate consideration of the following risks?

Yes

Type of risk

Risk description

Mitigations

Risk Rating

The following Risk and mitigations table has been provided by the applicant:

#	Risk	Mitigation approach	Rating
1	If access to stakeholders is not achieved, then full consultation may not occur	- Owner's resolution to support 5 year plan and PGF proposal unanimously approved at AGM on 11 th October 2019.	Commercial Info
2	If the contractor's price is not accurate, then additional funding may be required	- Timeframe between quotes and delivery is low, so pricing should be accurate - For 2020 expenditure, increase in fertiliser or fencing prices will result Commercial Information	Commercial Info Commercial Information
3	Inability to find contractors to complete the work in the required timeframe	- Farm manager has approached contractors for quotes and to discuss possibility of doing work in near future	Commercial Info
x		-	

The PDU has assessed the above table as reasonable, but the PDU also notes the wider economic (trading conditions, market prices etc.) and environmental factors has not been considered as part of this application.

Section D: Funding and financial analysis

Please highlight number below

Does the application show:

➤ How strong is the financial position of the applicant organisation?	<p>A summary of the income, expenditure and surplus is shown in Annex One.</p> <p>The Trust has current liabilities of \$ Commercial Information, Commercial Info loan of \$ Commercial Information and an Commercial Information of \$ Commercial Information.</p>	Commercial Information
➤ How does the scale of the project compare to their overall business?	<p>The farming station only has Commercial Info of its 750ha used as productive farmland; this project is looking to increase this by a further Commercial Info by Commercial Info. The property has Commercial Info which is gorse and scrub, Commercial Info as native bush and another Commercial Info as non-productive land.</p> <p>This project is proactively looking to unlock the value in the land and bring this into production to increase returns.</p>	Commercial Information
➤ Why is Crown funding being sought rather than commercially-available funding?	<p>The Trust approached Commercial Information</p> <p>Commercial Information</p> <p>The funds would have been used to replace the fencing, apply fertiliser and weed control to the land.</p> <p>Commercial Information</p>	Commercial Information

	Note the Trust is now seeking \$ ^{Commercial} , but the PDU's assessment is this includes expenses which do not meet the PGF's criteria. This has been revised down to \$687K.	
➤ What does the independent financial analysis/ business case indicate?	<p>The applicant has provided independent analysis. However the PDU notes this is from 2006 and its relevance is limited.</p> <p>This application seeks a similar investment to the independent analysis, circa \$^{Commercial}.</p>	Commercial Information
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	<p>The Trust in their original application was seeking a Loan for \$^{Commercial}. In this revised application the Trust are seeking a Grant for \$^{Commercial In}.</p> <p>Whilst the project is commercial in nature, the recommended funds are required for infrastructure so a Grant is consistent with other PGF WM applications.</p>	Commercial Information
➤ Has the applicant provided evidence of market pull for this project?	The Trust is a primary industry provider of cattle and sheep for sale. Whilst the Trust is not able to influence the price at market, it is able through this project to increase the supply of high-quality produce that it sells to the wholesale market. In response, the market has the capacity to receive more produce.	Commercial Information
➤ Has the applicant provided evidence that their supply chain is secure?	<p>On the isolated East Coast, access to contractors is limited. The applicant has previously worked with contractors for similar farming services at fair market prices. They will be responsible for fencing and land preparation costs.</p> <p>Hereumu Station is in the agricultural business and the market is able to absorb increased supply of cattle and sheep.</p>	Commercial Information
Summary of funding and financial analysis:	<p>Hereumu Station is committed to improving the productivity of the farming station which is evidenced by past investments as per the co-funding table above. The employment of the highly experienced farming manager adds viability to the operation.</p> <p>The PDU notes the independent analysis is out of date, but this application is seeking a similar amount. This demonstrates the trustees have invested over the past five years to remain operational whilst making improvements as funds allow. The station needs infrastructural investment.</p> <p>The PDU also notes MPI are supportive of the application as meeting the Whenua Māori criteria.</p>	Commercial Information

Funding arrangements

The Trust has provided the following deliverables and funding which totals the requested \$ ^{Commercial Informa} [redacted]. As with the Milestones table above, this table includes expenses which are not supported by this recommendation. It is the recommendation of this paper, that a maximum of \$687,400 is approved.

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Infrastructure	Payment required at start of project to cover wages, product and contractors	\$ ^{Commercial Informa} [redacted]	Commi %	Commercial Informa
2	Assets	Payment required before delivery	\$ ^{Commercial Inform} [redacted]	Commi %	Commercial Informa
3	Commercial Information	Payment required before commencement of Commercial Information	\$ ^{Commercial Inform} [redacted]	Com %	Commercial Informa
4	Infrastructure	Payment required at start of project to cover wages, product and contractors	\$ ^{Commercial Informa} [redacted]	Commi %	Commercial Informa

If approved, the timing of the funds will need to be made a condition and agreed by all parties.

Is the application a Grant or Loan?

Grant

Consultation from partner agencies undertaken or implications

Commercial Information

- Commercial Information
- [redacted] Commercial Information
- [redacted] Commercial Information
- [redacted] Commercial Information

Commercial Information

Memorandum

[redacted] Commercial Information

Hereumu Ahu Whenua Trust manages the Tikitiki A25 Maori land block, a 750ha sheep and beef farm situated at Poroporo Valley, north of Tikitiki on the East Coast. They trade as Hereumu Station on behalf of 624 owners. The farm consists of 681ha hill country and 69ha flats.

The application seeks to increase the farm’s effective area, productivity and profitability ^{Commercial Informa} \$ [redacted]. This will increase breeding stock, enable assets purchases and investment in infrastructure developments such as buildings, fencing, fertiliser, cropping, weed control and much needed farm tracks.

Hereumu’s feedback from Ahuwhenua Trophy first round (January 2019) formed the basis for their current five-year farm plan to improve production and profitability. By realising this potential, they expect to improve engagement with the owners and the community. The plan requires capital investment ^{Commercial Informa} [redacted] Free and frank opinions

Does the ^{Commercial Informa} [redacted] consider this proposal will make a positive impact on the achievement of

Commercial Information objectives (or not)? Explain.

Hereumu Station is a case study which supports the rationale for the Provincial Growth, Whenua Maori allocation – in that, with access to capital, on farm production can be improved enabling landowners to reinvest in and develop their land based business. Expected growth returns will flow back into the community and support local business in the northern East Coast region.

The known obstacle to bringing Maori land into optimum production is limited capital being available for the upfront investment. Free and frank opinions

Traditional funding options are therefore not available to most Maori landowners.

Maori farms generally have higher compliance costs (eg. costs of servicing governance, access to much needed professional support, and engaging with large numbers of owners). Addressing these issues often requires greater scale and/or efficiencies. We understand that in the isolated northern East Coast there are fewer Maori still managing their own land based businesses, Commercial Information

Regional connections:

Tikitiki is within the Waipuu River catchment. Waipuu Kōka Huhua is a 100-year commitment by Te Runanganui o Ngati Porou, Gisborne District Council and MPI to restore the Waipuu river and catchment area. The shared vision is that by 2113 the Waipuu catchment will have healthy land, healthy rivers and healthy people. A key tenet of this vision is economic independence and prosperity for the Waipuu river community and in particular locally produced commodities are valued and generate prosperity.

Does the Commercial Information have any other feedback on the viability of this proposal?

Commercial Information is supportive as it meets all of the PGF Whenua Maori criteria. Commercial Information

We suggest some items which have both productive and environmental and cultural benefits may sit within grant consideration.

Commercial Information recommends that this application is progressed to decision makers with additional information regarding:

- Further clarification on co-investment costs
- Confirms mandate for the five year plan and/or this application
- Post five year plan high level strategy to demonstrate sustainability or further leveraging of improved returns.
- Validation of the impacts of/alternatives considered for fertiliser use and proof of broader farm environment plan in line with sustainable land use objectives.

Conflicts of interest and T&Cs

N/A

No Conflicts of Interest has been noted

The applicant has signed the application

Due Diligence is in progress with a couple of items requiring further investigation.	
Further information from applicant	N/A
Following initial assessment, additional information was sought from the applicant:	
Summary statement of Application Review undertaken	
<p>The following Review has taken place in connection with this application:</p> <p>All applications are discussed between the Regions Team and Investment Team during the assessment process and prior to submission to SROs / IAP.</p> <p>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.</p> <p>In the development of this form:</p> <ul style="list-style-type: none"> i. A review by an Investment Director has taken place and included the following to the satisfaction of the reviewer: <ul style="list-style-type: none"> 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 reviewed by the PDU SLT. 	
Review has been completed	Yes

Supporting proposal:	Yes
Appendices:	Yes – Application. Annex One Financial Sheet
Author of paper:	MP, Senior Investment Analyst, ELH, Investment Director, PDU Investment Team