

Hineuru Cherry Land Development Project

Projects overview

Name of the project	Hineuru Cherry Land Development Project
Region	Hawke's Bay
Tier and type	Tier 1: Regional
Applicant	Te Kōpere o te iwi o Hineuru Trust
Estimated total project cost	\$ <small>Commercial Information</small>
Amount of funding sought from the PGF	Whenua Māori funding requested: \$ <small>Commercial Information</small> Recommended: \$4.3 million
Financial instrument requested	<small>Commercial Information</small> loan
PDU recommendation	Approve

Background

129. Te Kōpere o te iwi o Hineuru Trust (the Trust) has applied for a \$ Commercial Information Commercial Information loan as part of the Whenua Māori allocation from the PGF to develop a Comme hectare cherry orchard and packing facility in Meeanee, Hawke's Bay. The Trust requires funding for land preparation and initial development costs, including drainage and irrigation piping work.
130. **Commercial Information**
131. **Commercial Information**
132. **Commercial Information**
133. The project will develop Comme hectare of unproductive iwi-owned land and assist to develop an economic scale of production. The application will increase the productivity potential of the region through better use of land by growing high value horticulture. Comparative projects and analysis from Ministry for Primary Industries indicate cherry orchards are one of the most profitable uses of suitable land.

134. All consents for the development and water are in place. The PDU will verify this before signing the contract.

135. Commercial Information

PDU recommendation

136. The PDU recommends that you approve up to \$4.3 million as a Whenua Māori Commercial Information loan from the PGF towards the Hineuru cherry orchard development, subject to the following conditions:

a. Commercial Information

b. A staged drawdown schedule is agreed.

c. The Trust increases their co-funding contribution to \$ Commercial Information (Commercial Information % of the total project cost).

d. PDU verifies all required consents prior to approval.

137. Commercial Information

138. The PGF and Whenua Māori programme is a natural partner for Hineuru's ambition to develop high-value horticulture, provide employment opportunities for iwi members and reassert the presence of Ngāti Hineuru in the region.

Costs and funding

139. The total cost of the project is \$ Commercial Information. The cost breakdown is:

- Purchase of the Commercial Information hectare Commercial Information: \$ Commercial Information
- Property development costs: \$ Commercial Information
- Orchard development: \$ Commercial Information
- Opex for years Commercial Information: \$ Commercial Information

140. The applicant requested \$ Commercial Information of PGF funding and proposed a co-funded contribution of \$ Commercial Information (Commercial Information % of the total project cost).

141. The Trust will contribute the development and operating costs for the first Commercial Information. Profit is forecast from Commercial Information of operation. Net profits will be split Commercial Information between Ngāti Hineuru and Commercial Information.

142. Financial returns will be provided to the Trust, allowing the benefits of the investment to flow to a wide range of the Trust's beneficiaries. It will also help them establish additional investment projects close to the iwi region.

143. The Trust Commercial Information.

144. Ngāti Hineuru requires PGF funding because Commercial Information. The applicant cannot fully cover the development costs of the orchard currently, and would need to delay aspects of the project if PGF funding was not available.

145. Commercial Information



PDU assessment of the project

146. This section provides an overview of PDU’s assessment against the PGF eligibility and assessment criteria.

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
<i>Link with fund and government outcomes</i>		
Creates permanent jobs	✓✓✓	<p>The project will create ^{Commeric} permanent orchard jobs and ^{Comme} seasonal roles. Commercial Information</p> <p>The applicant will work directly with MSD to support the place of Ngāti Hineuru on the jobseekers list into training and development with the intention of job placement at the orchard or other Hineuru opportunities (for example, Hineuru farming).</p> <p>The project will create employment in a historically disadvantaged region and employ iwi members who are currently unemployed.</p>
Delivers benefit to the community	✓✓✓✓	<p>The project will deliver financial returns to the Trust and build capability that will support Hineuru to develop from low-skilled to skilled employment.</p> <p>The training and job creation creates opportunities for upward mobility of Māori in the region primarily through income growth. Economic growth and transformation for this part of the region should not only be captured by aggregate measures of economic output (such as GDP) but also the shift of communities into meaningful employment pathways and training that enable sustainable employment outcomes.</p>
Increased utilisation and returns of Māori asset base	✓✓✓✓✓	<p>One of Ngāti Hineuru’s key priorities is to rebuild an economic base and this project diversifies the Trust’s asset portfolio. Māori in Hawke’s Bay earn \$132 less per week than non-Māori. For Hineuru, greater income equality will contribute to higher overall economic mobility.</p>
Enhanced sustainability of natural		N/A

Criteria	Rating (1✓ to 5✓)	Comment
assets		
Mitigation of climate change		N/A
<i>Additionality</i>		
Adding value by building on what is already there	✓✓✓	The project will extend the development of under-utilised iwi-owned land resulting in sustainable employment opportunities for its members.
Acts as a catalyst for productivity potential in the region	✓✓✓	Salaries and wages are significant contributors to the national economy. The combination of hiring and training practices, development of under-utilised land and Commercial Information should improve productivity potential in the region.
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓✓✓	The project has strong alignment with the Hawke's Bay Regional Development Action Plan.
Support from local governance groups	✓✓✓✓	The project has support from Commercial Information (a collective of 7 post-settlement governance entities focused on regional economic development) and Commercial Information (neighbouring post-settlement governance entity in Hawke's Bay).
<i>Governance, risk management and project execution</i>		
Robust project management and governance systems	✓✓✓✓	<p>Commercial Information</p> <p>The delivery and management of the project is part of the Trust's work programme. The berry development and creation will be overseen by Hineuru Chief Executive who will work with a commercial manager to manage the project from an internal perspective.</p> <p>Governance will be provided by Hineuru's Investment Committee, which is a sub-committee of the Trust delegated with authority to make</p>

Criteria	Rating (1✓ to 5✓)	Comment
		investment decisions for and on behalf of the trustees. An orchard project manager will be engaged to run the establishment and maintenance of the orchard. The project manager will be supported by Commercial Information and its growing and horticulture experts. Commercial Information will supply the work programme and budget breakdown and will work closely with the project manager to achieve the required milestones for establishment, as they have the required horticultural expertise. The Trust will provide the land and eventually the workers.
Risk management approach	✓✓✓	The applicant supplied a comprehensive risk assessment. See the Risk Assessment section below.
Future ownership / operational management	✓✓✓✓	Hineuru will be long term owners of the newly acquired land.

Agency comments

Ministry for Primary Industries

147. MPI supports this application.

Ministry of Foreign Affairs and Trade

148. MFAT notes that the **Commercial Information** loan proposed presents a degree of risk in terms of alignment with our international obligations, but believes these can be largely managed through careful public communication that emphasises the community focus of the project rather than its commercial or export benefits.

149. MFAT is working with MPI and PDU to develop a facilitative international obligations assessment process for Whenua Māori projects that takes into account the Māori economic development objectives of the Whenua Māori funding stream.

Risk assessment

150. Due diligence has been undertaken. The PDU has identified the following key risks and mitigations:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
Project	The harvesting yield per plant does not meet expectations and operating cost overrun	The staged approach will assist in mitigating this risk. The Trust's shareholders would have to cover	Medium

		an overrun.	
Operational	Commercial Information falls over	Hineuru own the land and trees, and would seek an alternative commercial arrangement.	Low
3Macroeconomic	Currency fluctuation	Commercial Information	Low

Conflicts of interest

151. Commercial Information

