

## 2.04 Pakanae 5A land productivity project

<b>Project:</b>	Pakanae 5A land productivity project		<b>FOR:</b>	Approval
<b>Applicant:</b>	Pakanae 5a Ahu whenua Trust		<b>Pipedrive ID:</b>	Commercial
<b>Application type:</b>	WM	<b>(A) Total Project Value:</b>	\$	Commercial Informa
<b>Funding type:</b>	Grant	<b>(B) PGF Funding Sought:</b>	\$	Commercial Informa
<b>Entity Type:</b>	Maori Land Trust	<b>(C) PGF Funding Recommended:</b>	\$602,700	
<b>Region:</b>	Northland	<b>(D) Applicant Contribution:</b>	Comme	
<b>Tier:</b>	1 - Regional	<b>(D/A) Co-contribution Rate:</b>	Com%	
<b>Sector:</b>	Capability / Capacity			
<b>Application summary:</b>	<p>This Whenua Māori land development project follows on from a TPK funded feasibility study for Pakanae 5a land block, a Maori Freehold land block of Commercial ha with Commercial owners, the recommendations and will specifically involve the funding being used for:</p> <ul style="list-style-type: none"> <li>• Apiculture - through the contracting of an existing apiculture business to operate on the block and the planting of Manuka where feasible, and</li> <li>• Eco/Cultural Tourism - through the development of a comprehensive business plan and initial infrastructure, such as interpretation panels, on the Pakanae 5A Land Block.</li> </ul> <p>Both aspects of the project will be supported by track development to provide access to initial (stage 1) areas of the block to enable an apiculturist to be contracted &amp; initial cultural/eco-tourism sites to be accessed.</p> <p>This Stage 1 project will enable Block sustainability and long-term training and employment opportunities for Pakanae 5A beneficiaries and local community.</p> <p>At the end of Stage 1 (two-year project), the Pakanae 5A Block will have established commercial apiculture and eco/cultural tourism experiences. A Master Plan will be completed and will provide direction for Stage 2.</p> <p><i>[Please see full project description in the Application Description Section]</i></p>			

The PDU recommends that the SROs:

**Agree to** approve an up to \$602,700 grant from the PGF towards Pakanae 5A land productivity project

- because:
  - it will support Māori economic development in a historically disadvantaged area.
  - it promotes sustainability, utilising biodiversity and the natural environment.
  - Is aligned to the PGF approved Te Ara Mahi project, in which TKEMKT is delivering a related pre-employment programme and skills and training hub for the region.
  - This project meets Whenua Māori criteria because:
    - The project will develop currently unproductive Maori Freehold Land, and assist with developing an economic scale of production.
    - The beneficiaries of this investment are the members of the Pakanae No 5A [Pakanae 5A] Ahu Whenua Trust
    - This application is not reliant on acquiring resource consents
- subject to:
  - Full due diligence review being completed, including on the proposed contractors
  - Final project costings
  - Detailed project plan, procurement and risk management approach to be developed upon appointment of a project manager.
  - Confirmation of the governance structure for the project
- note:
  - Funding for this proposal will be allocated against the Whenua Māori \$100 million from the PGF
  - TPK is supportive of the project
  - The Training & Employment approach was developed with input from TAM
  - The proposal is consistent with the Tai Tokerau Māori Growth Strategy, He Tangata He Whenua He Oranga, to improve the productivity of Māori land and to lift incomes by providing employment.

**Section A: Triage – Assessment against PGF eligibility criteria**

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

### Application description

The Ahu Whenua Trust governs the Māori land block Pakanae 5A, a Maori Freehold land block of [redacted] ha with [redacted] owners; its situation, biodiversity, outlook and proximity to other attractions in the Hokianga present opportunities for development (per the TPK funded feasibility study). Currently it does not generate any economic return to its owners. The applicant presented to 'Te Tai Tokerau Whenua Dragons' Den' in November, and feedback has been incorporated in the application.

The Pakanae 5A land block is approximately ten minutes' drive via the State Highway to Opononi. The Manea Footprints of Kupe development is underway and there are opportunities for synergies in development and training. In addition, Pou Herenga Tai (Cycle Trail) extensions are planned – into the Hokianga. The Block has views out to significant sites including the Hokianga Harbour. Eco/Cultural Tourism is a natural fit for this Block given the proximity to other tourism experiences and the rich cultural history of the land, being the arrival place of Kupe.

This project is Stage 1 of staged approach to investment and sets the groundwork towards a sustainable business model with Apiculture and Eco/Cultural Tourism as the levers for land productivity. Stage 1 investment will provide:

- Basic infrastructure on the block including
  - An all-weather track development to create access for commercial activity, and
  - An operational base (portacom, ecoloo) – from which initial commercial activity will commence.
- Initial low-risk activity includes establishing manuka planting and contracting with an apiculturist.
- Implementing a Weed and Pest Management Control Plan.
- Establishing initial activities eco/cultural tourism by undertaking an ecological survey and providing interpretation panels at significant sites.
- Initial project management and communication to enhance capability and the training of a local / Block beneficiary to undertake the role long-term.
- Completing the master planning for integrated land use development of the Block that will enable Stage 2 and further development. Produce a Business Plan for investment in the Block. Establish an ownership model that incorporates governance and partnership opportunities for beneficiaries.

This project will generate training and employment opportunities for Pakanae 5A beneficiaries and the local community and will to work with an existing regional training provider to ensure whānau are upskilled to be capable of taking over commercial activity in future years.

The long-term vision is to create a self-sustaining, premier Maunga eco/cultural tourism destination, which offers accommodation, training, education and research and eventually mental health services. This is outside the scope of this proposal, although Stage 1 work will include defining a plan to escalate to Stage 2 in the future.

### 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
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Does the Application have a Te Ara Mahi (TAM) component?	No
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**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:**

➤ create permanent jobs?	Apicultural activity will provide for capacity for up to <sup>com</sup> part time roles indirectly.  Training programme to commence in Y2. Two trainee roles will be created outside of the main training and employment programme.  Commercial activity and job creation steps up following subsequent development in Stage 2 (which is outside scope)	N/A 1 2 <b>3</b> 4 5
➤ deliver community benefits?	Unlock potential within the rurally isolated, low socio-economic area of Pakanae, South Hokianga. The project is needed to activate latent land and people resources in order to move towards productivity, training and jobs.  Training programme to commence in Y2. 8 trainees will sit alongside project-funded roles and contractors to gain relevant skills to maintain the activities on the land.	N/A 1 2 <b>3</b> 4 5
➤ increase utilisation of and returns on Maori assets?	Land is currently unutilised. This investment creates some basic infrastructure on the site from which low level activity can commence, but more importantly, it enables future development of commercial activity.	N/A 1 2 3 <b>4</b> 5
➤ enhance the sustainability of natural assets?	Project promotes sustainability, utilising biodiversity and natural environment.	N/A 1 2 3 <b>4</b> 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	Eco-conscious, low footprint activity. Educational benefits grow with downstream development.	N/A 1 <b>2</b> 3 4 5

**Additionality****Would the project:**

➤ add value by building on what is already there, without duplicating effort?	Land is currently unutilised. This project builds the groundwork and entry level activity for subsequent development.	N/A 1 2 3 <b>4</b> 5
➤ be a catalyst for productivity	Leverages regional demand from anchor attractions (Hokianga harbour, Manea, Waipoua, plus connecting activity like Twin	N/A 1 2 <b>3</b> 4 5

potential in the region?	Coast Cycleway) and will provide an additional activity option to build on destination interest for the Hokianga, whereby people will want to stay in the region for a couple of days, rather than passing through on the way north or south.  Apicultural activity will provide a local resource for the apiculture industry.	
<b>Connected to regional stakeholders and frameworks</b>		
<b>Does the project:</b>		
➤ align with regional priorities, such as frameworks, or regional plans?	The proposal is consistent with a key opportunity identified by the Taitokerau Māori Growth Strategy, He Tangata He Whenua He Oranga, to improve the productivity of Māori land and to lift incomes by providing employment.  The applicant indicates that the Far North District Council has a focus on development in the Hokianga, spearheaded by the Mayor John Carter.	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	A number of meetings held with whānau/community in attendance, along with Trustees.	N/A 1 2 3 4 5
<b>Governance, risk and project execution</b>		
<b>Does the application show:</b>		
➤ robust project management and governance systems?	Competent governance board with good experience in project and commercial management, (Privacy of natural persons [REDACTED]).  The Trust will appoint a project manager (closed tender, appointment by Trustees).  The application indicates that trustees will provide the procurement process to MBIE for approval as part of contract signing process.	N/A 1 2 3 4 5
➤ plans for future ownership and operational management?	The project will train its workforce during the 2 year development phase of the project. Future ownership and operational management plans will become evident through the business plan that will be developed	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	Detailed project plan, procurement and risk management approach to be developed upon appointment of a project manager.  Contractors will be contracted with clear outcomes and reporting requirements.	N/A 1 2 3 4 5

APPLICATION			
<b>Complete assessment and undertake due diligence?</b>	<input checked="" type="checkbox"/> <b>Yes.</b> Complete the Evaluation/ Recommendation form and submit DD request form. <input type="checkbox"/> <b>No.</b> Complete the front page of this form, recommending the application be declined.		
Section C: Risk Management Evaluation			
Does this application demonstrate consideration of the following risks?			<b>Yes</b>
Type of risk	Risk description	Mitigations	Risk Rating
<input checked="" type="checkbox"/> Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	The scope of the project is appropriate to the governance arrangements.  The applicant has identified sources of local knowledge, such as <span style="background-color: #cccccc;">Commercial Information</span> , as a way to identify local contractors with good track records.	Low
<input checked="" type="checkbox"/> Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	Apicultural activities will provide a stable base of income for the Pakanae Block. This has estimated at \$ <span style="background-color: #cccccc;">Commercial Info</span> p.a. by the feasibility study.	Low
<input checked="" type="checkbox"/> Force majeure/Insurance risk	Have insurable risks been considered? Is the level of insurance adequate?	There are no insurance policies in place as the Block currently has no assets to insure.	Low
<input checked="" type="checkbox"/> Macroeconomic risk	Has the impact of possible external economic changes been considered?	Part of this project is the development of a Master Plan, a detailed Business Plan and a Medium-Long Term Funding Strategy.	Medium
<b><i>If the answers to the first question is NO, or assessments of risk(s) are HIGH, discuss with an Investment Director.</i></b>			
Section D: Funding and financial analysis			Please highlight number below

<b>Does the application show:</b>		
➤ How strong is the financial position of the applicant organisation?	There is currently minimal economic activity by the Pakanae No 5A [Pakanae 5A] Ahu Whenua Trust.	<b>N A</b> 1 2 3 4 5
➤ How does the scale of the project compare to their overall business?	The project will develop currently unproductive Māori Freehold Land, and assist with developing an economic scale of production.  The development of Apicultural opportunities in of an appropriate scale for investment.	<b>N/A</b> 1 2 3 4 5
➤ Why is Crown funding being sought rather than commercially-available funding?	Access to capital funding has, in the past, been a challenge for Māori landowners, as the special status of their land means commercial banks are less willing to lend. Because of this, the Government is in a unique position to help landowners make progress on their projects, and to work with commercial lenders to ensure sustainable investment.	<b>N/A</b> 1 2 3 4 5
➤ What does the independent financial analysis/ business case indicate?	The strategic case for pursuing these activities is based on the growing evidence that tourism and apiculture activities are emerging as successful markets domestically and internationally for Māori landowners.  A 1-2 year establishment phase will be necessary before an apiculture activity is able to function sustainably at the introductory level to the market.	<b>N/A</b> 1 2 3 4 5
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	The funding model requested (a grant of \$602,700) is appropriate and had been developed with support from TPK.	<b>N/A</b> 1 2 3 4 5
➤ Has the applicant provided evidence of market pull for this project?	The feasibility study supports the market pull for both tourism and apiculture activity.	<b>N/A</b> 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	Not applicable	<b>N A</b> 1 2 3 4 5
<b>Summary of funding and financial analysis:</b>	The project will develop currently unproductive Māori Freehold Land, and assist with developing an economic scale of production.	<b>N/A</b> 1 2 3 4 5

### Funding arrangements

The applicant has provided the below deliverable plan, which is of an appropriate nature on the assumption that the dates are delayed until the contract is signed.

#	Description	Payment criteria:	Invoice Value \$ (Exc. GST)	%	Invoice Date:
1	Initiation Payment	On signature of the funding agreement	\$ Commercial Info	Comm %	Commercial Information
2	Preparation complete	Completion of preparatory work: <ul style="list-style-type: none"> <li>- Infrastructure – Site preparation</li> <li>- Contractors engaged</li> <li>- Building &amp; infrastructure sourced &amp; contracted</li> <li>- Weed and pest control programme commenced</li> <li>- Master-Planning, operating model, business case commenced</li> </ul>	\$ Commercial Inform	Comm %	Commercial Information
3	Development complete	Development complete: <ul style="list-style-type: none"> <li>- Track Development complete</li> <li>- Weed &amp; Pest control programme continues</li> <li>- Te Ara Mahi programme commences</li> <li>- Planting programme plan complete &amp; Manuka Seedlings sourced</li> </ul>	\$ Commercial Inform	Comm %	Commercial Information
4	Master Planning complete	Planning, sustainability & planting <ul style="list-style-type: none"> <li>- Ecological survey complete</li> <li>- Business case and operating model complete</li> <li>- Interpretation Panels installed &amp; walking paths complete</li> <li>- Planting programme preparation and planting underway.</li> <li>- Te Ara Mahi continues</li> </ul>	\$ Commercial Info	Comm %	Commercial Informatio
5	Final Report	Reporting <ul style="list-style-type: none"> <li>- Final report submitted</li> <li>- All workstreams complete</li> </ul>	\$ Commercial Info	Com %	Commercial Information

### Proposed Term Sheet Summary (noting full term sheet will be developed post decision)

Is the application a Grant or Loan?

Grant - Loan Details Table deleted



<b>Consultation from partner agencies undertaken or implications</b>	
<p><b>Te Puni Kōkiri</b> supports this application. The feasibility study undertaken last year is quite thorough and outlines a range of options which makes the most of the advantages they have. The Trust have opted for a conservative, staged approach by starting some low cost, low risk commercial activity on the block and developing infrastructure that will set them up for further development in the future. Further to this, the Trust has some very good trustees, which gives confidence in their decision-making ability.</p> <p>The <b>Te Ara Mahi</b> SRA in Northland met with applicant and linked them to Te Kotahitanga e Mahi Kaha Trust, a Te Ara Mahi funded project, for their training provision. There is opportunity to build skills within the Hokianga to meet the growing Maori Cultural Tourism demand of the area.</p> <p>They will continue to work with applicant if their project is approved to ensure training is delivered. There are 2-3 other projects that will have similar training requirements in the area so partnership is the most practical approach and create strength across the community.</p> <p>The application has been developed with the support of TPK &amp; MPI.</p>	
<b>Conflicts of interest and T&amp;Cs</b>	<b>Yes - Comments below</b>
<p>The applicant declared no conflicts of interest, including potential conflicts of interest and T&amp;Cs has been correctly completed and signed.</p> <p>Due diligence on the trust has been completed and nothing of note has been raised.</p>	
<b>Further information from applicant</b>	<b>No - Section deleted</b>

**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 reviewed by the PDU SLT.

Review has been completed

Yes

<b>Supporting proposal:</b>	Yes
<b>Appendices:</b>	[Yes – Applications and supporting letters are as annexes] <span style="color: red;">Supporting letters withheld - Commercial Information</span>
<b>Author of paper:</b>	SC, Investment Analyst, PDU Investment Team PS Investment Director, PDU Investment Team