



BRIEFING

Provincial Growth Fund Whenua Māori allocation

Date:	13 August 2019	Priority:	Low
Security classification:	In Confidence	Tracking number:	0333 19-20

Action sought		
	Action sought	Deadline
Hon Nanaia Mahuta Minister for Māori Development	Note the contents of this briefing. Note that Provincial Development Unit officials will set up an opportunity to discuss the Whenua Māori allocation with you in more detail at your convenience.	19 August 2019
Hon Shane Jones Minister for Regional Economic Development		19 August 2019
Fletcher Tabuteau Parliamentary Under-Secretary for Regional Economic Development		19 August 2019

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Ben Dalton	Chief Operating Officer, PDU	Privacy of natural persons	✓
Alison Thom	Director – Whenua Māori, PDU	Privacy of natural persons	
Hannah Lee	Policy Advisor, PDU	Privacy of natural persons	

The following departments/agencies have been consulted

N/A

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

You have asked for a briefing providing background information on the Provincial Growth Fund's (PGF) Whenua Māori allocation. This briefing provides information on the following aspects of the allocation:

- Whenua Māori allocation processes and criteria
- An overview of projects approved under the Whenua Māori allocation criteria
- Areas of focus
- Identified Whenua Māori projects in the pipeline.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the contents of this briefing. *Noted*
- b **Note** that Provincial Development Unit officials will set up an opportunity to discuss the Whenua Māori allocation with you in more detail at your convenience. *Noted*

Ben Dalton
Chief Operating Officer
 Provincial Development Unit, MBIE

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Hon Nanaia Mahuta
Minister for Māori Development

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Hon Shane Jones
Minister for Regional Economic Development

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Background

1. The PGF was established in December 2017 to achieve a lift in productivity potential in the regions and support our overall goal of productive, sustainable and inclusive growth.
2. From the outset, the PGF has sought to support greater participation from Māori in all aspects of the economy and to enhance utilisation of Māori assets [CAB-17-MIN-0554 and CAB-18-MIN-0347 refers].
3. To encourage Māori land owners to apply to the PGF, Cabinet agreed to promote a Whenua Māori allocation of \$100 million (in grants or loans) over the life of the PGF to develop a subset of the one million hectares identified as unproductive or underutilised (with a review of this amount if demand exists) [DEV-18-SUB-0302].
4. The allocation aims to stimulate PGF applications from Māori land owners who are investment ready but have been constrained in accessing financial capital to date. It intends to bridge the divide between investment readiness and tangible actions (e.g., 'a post in the ground') that will realise the potential of and accelerate growth in the regions. The allocation: builds on the work of other agencies; will leverage and extend investments so far; and surmount what has become a barrier for many land owners in taking the next step in improving land utilisation and productivity and its contribution to the national economy.

Whenua Māori application process and criteria

Whenua Māori investment criteria

5. Cabinet agreed to the following principles, alongside existing PGF criteria and guidance, to guide PGF investment decisions in Māori owned land:
 - Lifts the productivity potential of the land
 - The project will commence within the timeframes of the PGF
 - Land owners will have established effective governance arrangements
 - Land owners can demonstrate evidence of expert commercial advice on the best use of their land (e.g. they have completed feasibility studies and are investment ready)
 - Proposals demonstrate how projects will support land use that does not increase, and ideally reduces, negative impacts on water quality
 - Where practicable, proposals will demonstrate how projects will contribute to mitigating or adapting to climate change effects, and a just transition to a low emissions economy
 - Where practicable, proposals will consider how investment could support protection and enhancement of indigenous biodiversity.

PGF process in relation to Whenua Māori applications

6. We have formed virtual cross agency regional teams to bring together the expertise of our partners to both promote the allocation and to originate projects. Our regional staff engages with Māori landowners to make them aware of the opportunity, and assist those that are interested and/or investment ready to submit an application to the PGF.
7. Applications are invited from the broadest catchment possible including Māori owned land in Māori freehold or general title, and from both surge and non-surge regions. The PDU works with Te Puni Kōkiri (TPK) and the Ministry for Primary Industries (MPI) to build on their existing work with Māori land owners to determine the feasibility of developing their land.

8. The Cabinet paper indicated that successful applications would be “investment-ready”, meaning they will have already completed their pre-commercial requirements such as feasibility studies. They will also have good governance and management plans and be clear about the benefits they will achieve within the PGF’s timeframes. Successful applications will be compatible with the Government’s objectives for land use.
9. Once submitted, applications are subject to the usual PGF processes, with the addition of the specific Whenua Māori criteria specified by Cabinet. Furthermore, for Whenua Māori initiatives between \$1 million and \$10 million, Regional Economic Development (RED) Ministers consult with the Minister of Agriculture, the Minister for the Environment and the Minister for Māori Development to ensure alignment with broader government objectives for land use.

Approved projects

10. The cabinet paper’s intention is to target small to medium landholdings that require investment of financial capital to realise their latent potential.
11. While there may be a particular focus on primary sector initiatives, the funds could also be invested in non-primary sector activities such as land based ecotourism ventures. We expect the investment will predominantly benefit landowners in surge regions, as 70 per cent of Māori land is in surge regions. Over time we are seeing an increasingly diverse range of ideas for Māori land use and development from prospecting applicants.
12. Within the primary sector, there is a focus on horticultural sector projects. Horticultural land uses assist in achieving PGF outcomes via environmental benefits, higher value-add use of land and higher employment rates: i.e., larger returns for smaller areas of land. This is reflected by the two projects approved through the Whenua Māori allocation to date, the Te Kaha Development Project and the Ngāti Pāhauwera Horticulture Commercial Information

Te Kaha Development Project

13. RED Ministers approved a \$370,000 grant and a Commercial Information for Te Kaha Group Holdings Limited Partnership’s Te Kaha Development Project. The project is designed to create a large scale increase in the uptake of land use on Māori owned land to support permanent employment opportunities. Approximately 95 per cent of the land in Te Kaha and surrounding areas is Māori freehold land.
14. The funding will pay for planning and expansion of their horticultural business and other related value-added initiatives.
15. The project aims to support permanent, year-round employment opportunities for approximately Commercial Information people in Te Kaha.

Commercial Information - prejudice to negotiations

16. Commercial Information - prejudice to negotiations
17. Commercial Information - prejudice to negotiations
18. Commercial Information - prejudice to negotiations

Commercial Information - prejudice to negotiations

19. Commercial Information - prejudice to negotiations

Pipeline of Whenua Māori projects

20. A table of projects identified by officials as within scope of the Whenua Māori allocation is attached as **Annex One**. Please note that a number of these projects are still in pre-pipeline phase but have been included to provide a comprehensive list of projects currently being worked on. Pre pipe-line means the application is still being developed and has not yet been formally lodged. **Annex A withheld - Commercial Information**
21. In addition to this pipeline there are a number of other Māori development projects that are both in the pipeline and have been approved that are outside whenua Māori scope but have Māori landowner partners and Māori development partners. An example of this is the Ruapehu Alpine Lift and Putauaki Trust Roding projects that have been funded through the PGF.

Areas of focus

22. Officials have identified the following as areas of focus in their work to continually improve and speed up the Whenua Māori allocation process.
23. Officials have moved from a self-generating application approach, to generating applications via relationship-based engagement. This is significantly more effective in producing quality projects and applications. An area of focus is the ability to devote sufficient resources from within the PGF and other agencies to assist applicants with developing quality applications.
24. Integration with the Te Ara Mahi and 1 Billion Trees allocations adds another layer of complexity that must be worked through. This also generates more resourcing requirements capable of managing the various work streams.
25. Due to the broad-ranging scope of the allocation, considerable subject matter expertise and skill sets are required, necessitating a cross-agency approach. The PDU particularly relies on MPI and TPK to progress applications within the necessary timeframes and we have developed ways to work together more quickly and efficiently to best take advantage of agency subject matter expertise.
26. The lessons learned in this process will be reflected in other areas of cross-agency collaboration in the administration of the PGF.

Next steps

27. Officials will set up an opportunity to discuss the Whenua Māori allocation with you in more detail at your convenience.

Annexes

Annex One: Whenua Māori project pipeline **Annex A withheld - Commercial Information**

Annex One: Whenua Māori project pipeline

28. To date we have a pipeline of 53 projects totalling \$120,449,963 with other amounts yet to be determined.
29. In the early stages of the Whenua Māori allocation Commercial Information
[REDACTED]. We are now promoting smaller investments and targeting smaller land owners which have generated a significant amount of interest from these landowners.

Taitokerau	
Number of pre-pipeline projects:	Com
Total:	\$ Commercial Information
Waikato	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information
Bay of Plenty	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information
Tairāwhiti	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information
Hawke's Bay	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information
Taranaki	
Number of pre-pipeline projects:	Com
Total:	\$ Commercial Information
Manawatu-Whanganui	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information

Te Tau Ihu	
Number of pre-pipeline projects:	Com
Number of applications received:	Com
Total:	\$ Commercial Information
West Coast	
Number of pre-pipeline projects:	Com
Total:	\$ Commercial Information
Canterbury	
Number of applications received:	Com
Total:	\$ Commercial Information
Southland	
Number of pre-pipeline projects:	Com
Total:	\$ Commercial Information