



Regional Infrastructure Fund Position Paper: Māori Economic Development

This paper outlines the Regional Infrastructure Fund (RIF) approach to investment in Māori economic development. The intent is to provide clarity on what the RIF is aiming to achieve for this focus area and its investment priorities.

OVERVIEW

To be eligible for the RIF, applicants must be unable to access the investment their project requires from other sources. This is to ensure the RIF does not crowd out private investment. Applicants will also generally need to contribute co-funding, including evidence to show they are making the highest contribution that they financially can.

The position papers provide a guide for potential applicants and other stakeholders to support them to identify suitable projects and to frame their applications. Potential projects are not necessarily excluded because they are not covered in a position paper, provided the project meets the RIF eligibility criteria.

The position papers are designed to align with existing Government strategies and policies, and those in development. They will be updated from time-to-time to ensure they continue to align.

FORM OF INVESTMENT

The RIF is a capital fund, meaning loans, equity and other capital investments are the preferred form of funding. Grant funding will only be available in very limited cases, to accelerate projects that don't have a viable source of debt repayment and would otherwise not progress.

Loans, whether concessionary, convertible, or suspensory, are the most preferred form of funding, as they are the most likely to encourage strong commercial incentives on RIF co-investors.

Each project proposal will be assessed against factors such as commercial potential and strategic alignment with the RIF to identify the most appropriate funding option to deliver the best value for New Zealanders.

VISION

The RIF will help support Māori to grow the Māori economy, improve Māori participation in the economy and grow New Zealand's overall prosperity.

OBJECTIVES

The key objectives of investment in Māori economic development projects are to:

- Unlock productive uses of whenua Māori.
- Improve access to and participation in markets for Māori businesses and communities.
- Enhance the productivity of Māori businesses in ways that catalyse wider socioeconomic or other benefits for regions.

CONTEXT

The Māori economy is a large and growing part of New Zealand's economy, but Māori often face a range of disparities compared to the rest of the population and disproportionate barriers to economic participation. These barriers limit New Zealand's growth overall.

Whenua Māori¹ plays an integral role in the Māori economy, but landowners can struggle to access lending to develop land for more productive uses because of reluctance by both lenders and landowners to use land as security. The significance of whenua Māori to many owners means its use as security is considered inappropriate by many, while lenders are concerned about the potential reputational impacts if taking whenua Māori as security were to result in land alienation.

Māori businesses are also disproportionately more likely to have difficulties accessing lending due to a range of factors. Lower than average rates of home ownership among Māori are an important contributor to this as a considerable portion of business lending is secured against business owners' homes. Catalysing investment in Māori businesses can boost the Māori economy while also improving wider social and economic outcomes in the communities in which they are based.

Some whenua Māori is landlocked or located in isolated rural areas with poor access to markets. There is the opportunity to realise economic and social benefits for landowners and local communities by unlocking whenua Māori and improving regional connections. Māori collectives have expressed interest in investing in infrastructure for community benefit but need funding support (whether by public or private) to do so.

GAPS AND OPPORTUNITIES

Alternative investment approaches with a flexible approach to security can enable whenua Māori to access funding to develop land for more productive uses, such as high value horticulture or on-land aquaculture enterprises. There are also opportunities to partner with iwi and other Māori collectives to co-invest in infrastructure to enable land productivity or community resilience, such as water storage. Investment in supporting infrastructure, such as roads that improve access to isolated land blocks, can also improve access to markets for whenua Māori produce.

¹ Whenua Māori refers to two land categories:

- a. Māori customary land: land held by Māori in accordance with tikanga Māori.
- b. Māori freehold land: land converted from Māori customary land to freehold title by the Māori Land Court or its predecessors. Almost all whenua Māori is freehold land, which makes up 5% of New Zealand's land area.

Similarly, investment solutions that enable access to capital for individual Māori businesses can drive productivity growth or support diversification and resilience in the Māori economy but also provide spillover benefits to the wider community and region, particularly where those businesses redirect some of their profits to community support activities.

INVESTMENT PRINCIPLES

Investment principles provide guidelines for how the RIF will primarily aim to invest in Māori economic development. The RIF may invest in projects that can demonstrate the following attributes:

- Enables more productive uses of whenua Māori through provision of on-land infrastructure, or supporting infrastructure in the surrounding area.
- Enables more productive use of Māori-held fisheries quotas or waterspace.
- Improves physical or digital access to markets for Māori businesses and communities.
- Enhances the productivity of Māori businesses with private infrastructure that enables spillover benefits for others (without crowding out private capital).
- Provides social and/or economic benefits in the wider communities in which they are based.
- Strengthening relationships between Māori collectives/businesses and private capital providers.

RIF INVESTMENT PRIORITIES

- Māori economic development can overlap with a range of sectors which are priorities for investment through the RIF, such as energy, food production and transport. Specific Māori economic development priorities include:
- Infrastructure to enhance the productivity of whenua Māori such as covered growing areas, aquaculture, water storage, renewable and resilient energy solutions.
- Ports and ICT connectivity infrastructure where these benefit Māori communities and enterprises in particular.
- Productivity-enhancing infrastructure, such as manufacturing facilities, for Māori businesses, where infrastructure investment produces spillover benefits for the wider community, e.g., redirecting a substantial portion of profits to social enterprises, significant value shared along a supply chain with other businesses.

TYPES OF PROJECTS THAT THE RIF WILL NOT INVEST IN

- The RIF will not invest in skills and training, business support or other non-infrastructure projects.
- The RIF will not crowd out investment where it is available from private commercial or other investors.