

4.15 Evaluation, Cover Sheet and Decision Form

Project:	Tokerau Miro - Blueberry expansion on Maori-owned land in the Mid to Far North of Tai Tokerau		FOR :	Approval
Applicant:	Tokerau Miro Partnerships (Ngāti Kuri <small>Commercial Information</small>)		PDU ID:	<small>Commercial Information</small>
Application type:	Main PGF	(A) Total Project Value:	\$ <small>Commercial Information</small> and \$ <small>Commercial Information</small> sunk costs (\$ <small>Commercial Information</small>)	
Funding type:	Loan	(B) PGF Funding Sought:	\$ <small>Commercial Information</small> to Tokerau Miro Partnership	
Entity Type:	Company	(C) PGF Funding Recommended:	\$962,500 <small>Commercial Information</small> <small>Commercial Information</small> loan directly to Waimarama Orchards or Ngāti Kuri – or- a \$962,500 loan <small>Commercial Information</small>	
Region:	Northland	(D) Applicant Contribution:	<small>Commercial Information</small>	
Tier:	2 - Sectors	(D/A) Co-contribution Rate:	<small>Commercial Information</small>	
Sector:	Primary Industry			
Application summary:	<p>The application is for the Tokerau Miro Partnership to develop <small>Commercial Information</small> blueberry orchards <small>Commercial Information</small>. The two partners in the JV are Ngāti Kuri <small>Commercial Information</small></p> <p><small>Commercial Information</small></p> <p>Funding Structure</p> <p><small>Commercial Information</small></p> <p><i>[Please see full project description on Page 3]</i></p>			

It is recommended that the IAP:

Recommend approval of a \$962,500 loan directly to Ngāti Kuri -or- **Commercial Information** from the PGF fund towards Blueberry expansion on Maori-owned land

➤ **Because:**

- It will result in additional employment in the region of approximately **C min** FTEs with **Com** of these being on a full time basis in a historically disadvantaged area. Although a significant portion of this would be part time in nature, it would be additional and complementary to employment on the existing Waimarama Orchards, thereby creating a better opportunity for full time employment.
- The project will allow the development to grow to a commercially viable size of **Commer** and the benefits would flow to a broad range of beneficiaries in the community.
- There is a strong degree of support for better utilising Māori Land.
- Through the agricultural vehicle of Ngāti Kuri (which is a community based entity) and support from **Commercial Informa** the venture is considered to be well managed.

➤ **Subject to:**

- Secured cash co-funding of \$ **Commercial Information**
- Water consent or a plan for dealing with the water requirements being confirmed to the satisfaction of the PDU.

➤ **Note:**

- This project will create employment in a historically disadvantaged area and employ local people who are unemployed (works with MSD). In addition the benefit of this investment will flow to a wide range of beneficiaries through Ngāti Kuri. As a result, this project meets the criteria for Whenua Māori and a Whenua Māori **Commercial Information** Loan **Commercial Information**
- **Commercial Information**
- MPI is supportive of this application and is comfortable that there is a market for the sale of future Blueberry production.
- An approach proposed by the PDU would meet the criteria for Whenua Māori.

Application description

Ngāti Kuri has been seeking opportunities to diversify its Waimarama Avocado orchard by adding berry fruit developments to unused sections of the site.

In early 2018 Ngāti Kuri, Commercial Information, invested \$Commercial Inform to pilot developing Commerci of blueberries at Waimarama Orchard (Ngāti Kuri owned). Commercial Information.

This development operates a high-tech protected cropping system. Plants are grown under poly-tunnels, in pots and substrate, driven by an automated fertigation system to control water and nutrients to each plant. This is a cultivation system with a very low environmental footprint. The access to varieties and expertise on growing methodologies was gained through investing in Miro Limited Partnerships that have developed a highly controlled and contained growing ecosystem.

Ngāti Kuri have indicated that all components for successfully delivering the project are in place namely; access to quality water (via the Waimarama Dam), horticulture expertise, infrastructure, and an able workforce. This included visits by two staff Commercial Information to build the capability required.

Te Urungi o Ngāti Kuri Commercial Information hold 4.65% each in shareholding for Hautupua GP Limited (the ultimate holding company for Miro Trading Limited Partnership).

Co-Funding Table

Co-Funder		
Tokerau Miro Limited Partnership	Commercial Information	\$ Commercial Informat
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 |
|---|----|

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? | Each ha of berry crops grown under tunnel houses has the potential to support Com FTEs pa per (Com FTEs for setup, planting pruning and harvesting) ha and >\$ Commercial Informatio of revenue for. | N/A 1 2 3 4 5 |
|--------------------------|---|----------------------|

➤ deliver community benefits?	The project utilises local employment and partially benefits local iwi in terms of profitability.	N/A 1 2 3 4 5
➤ increase utilisation of and returns on Maori assets?	As it is on Māori owned land and Ngāti Kuri is a JV partner, it is considered to benefit them significantly.	N/A 1 2 3 4 5
➤ enhance the sustainability of natural assets?	It is a better use of underutilised land for high value horticulture.	N/A 1 2 3 4 5
➤ mitigate climate change effects, or assist with the lowering of emissions?	N/A	N/A 1 2 3 4 5
Additionality		
Would the project:		
➤ add value by building on what is already there, without duplicating effort?	This would increase the total size of the orchard to a more sustainable level of ^{Commercial} and have some synergies in terms of providing more permanent employment for existing employees on the Avocado orchard.	N/A 1 2 3 4 5
➤ be a catalyst for productivity potential in the region?	This should assist Ngāti Kuri in diversifying its agricultural portfolio to a more viable level where they could expand further in their own right.	N/A 1 2 3 4 5
Connected to regional stakeholders and frameworks		
Does the project:		
➤ align with regional priorities, such as frameworks, or regional plans?	It is aligned with the Tai Tokerau Northland priority of better utilising Māori land for high value crops.	N/A 1 2 3 4 5
➤ have the support of local governance groups (councils, iwi and hapu)?	The applicant is partly owned by Ngāti Kuri and is on its land.	N/A 1 2 3 4 5
Governance, risk and project execution		
Does the application show:		
➤ robust project management and governance systems?	It is considered adequate and the applicant has already deliver ^{Commercial}	N/A 1 2 3 4 5

➤ plans for future ownership and operational management?	It will form the basis for Ngāti Kuri's blueberry expansion on the larger Waimarama avocado orchard.	N/A 1 2 3 4 5
➤ how the project will be delivered and managed?	The project will be managed by the existing agricultural business of Ngāti Kuri.	N/A 1 2 3 4 5

Section C: Risk Management Evaluation

Does this application demonstrate consideration of the following risks?			Yes
Type of risk	Risk description	Mitigations	Risk Rating
Project risk	Is the project feasible? Can it be delivered on time, on budget and to specification?	The project is based on a Commercial orchard that has been developed recently with supplier of plants for Commercial In .	Low
Operational risk	Will the project or asset operate to specification, to budget, and achieve the forecast revenue?	This is managed by the applicant and supplier of the plant material Commercial Informatio	Low
Macroeconomic risk	Has the impact of possible external economic changes been considered?	A significant slowdown in the world economy would likely affect the project and all other high value horticulture as would be expected.	Low
Sales channel failure	In the event that Commercial Informa is liquidated there may be losses incurred by the berry producer.	Depending on the timing of any failure relative to delivery times, the effect could be minimal or significant.	Low

Section D: Funding and financial analysis

Please highlight number below

Does the application show:

➤ How strong is the financial position of the applicant organisation?	For loans: Certainly the asset management company and Ngāti Kuri are considered capable of making repayment on a loan, especially based on the proposed returns of any debt instrument.	N/A 1 2 3 4 5
➤ How does the scale of the project compare to their overall business?	It is a measured scaling up from Commercial Information	N/A 1 2 3 4 5
➤ Why is Crown funding being sought rather than commercially-available funding?	It remains a loan to develop underdeveloped land that would not be supported by traditional funders.	N/A 1 2 3 4 5
➤ What does the independent financial analysis/ business case indicate?	Based on general berry analysis the project appears viable.	N/A 1 2 3 4 5
➤ Is the funding model requested appropriate? Is the PDU recommending a different model?	Given the significant benefits to the broader community a Commercial Information loan is recommended.	N/A 1 2 3 4 5
➤ Has the applicant provided evidence of market pull for this project?	Yes evidence of this was provided in the broader Miro context.	N/A 1 2 3 4 5
➤ Has the applicant provided evidence that their supply chain is secure?	Yes, Commercial Information. Market demand was also confirmed by MPI.	N/A 1 2 3 4 5
Summary of funding and financial analysis:	The firm in a growth phase, piloting a new crop to potentially expand into.	N/A 1 2 3 4 5

Funding arrangements

Commercial Information. The PDU has a preference for providing a \$962,500 Whenua Māori Commercial Information loan directly to Waimarama Orchards or Ngāti Kuri. However, a \$962,500 loan Commercial Information (in line with current MFAT advice).

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

Key loan details to be considered

Structure	Directly to Ngāti Kuri	Interest rate	Commercial Information %
Maximum funding amount	\$962,500	Default interest:	Comm %
Co-funding	\$ Commercial Information in cash	Loan repayment terms:	Commercial Information
Term	Commercial Inform	WTO	In discussion with MFAT (final terms to be confirmed)
Security	None		
Concession(s) (if applicable)	Commercial Information		

Consultation from partner agencies undertaken or implications: MPI, MFAT

Summary of MPI recommendations

- a) Note that there is a growing market for blueberries internationally.
- b) Note that no minimum price has been set **Commercial Information**, producers will be taking what the market sets after marketing and distribution costs have been off-set.
- c) Note that all applications where Miro or a third party investor is the co-contributor, due diligence on those parties must be carried out.
- d) Note that there are like to be issues with the seasonal labour force required to harvest blueberries, however, the timing of picking is Oct/Nov through to Feb which does not overlap with apple or kiwifruit picking season.

MPI is supportive of the application but stated **Commercial Information**

MFAT has concerns as to the potential export of berries and providing a potential trade subsidy (the PDU continues to work with them), but this is mitigated by the fact that:

- It creates employment opportunities in a historically disadvantaged area.
- Ngati Kuri is essentially a not for profit community based organisation (unlike the Tokerau Miro Partnership).
- The investment is to pilot a new crop at a viable scale on Māori owned land.

Commercial Information

Commercial Information

Commercial Information

Conflicts of interest and T&Cs

Commercial Information

The PDU would have to satisfy itself as to how best to manage avoiding any potential conflict of interest occurring.

Summary statement of Peer Review undertaken

The following Peer 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 peer review by an Investment Director has taken place and included the following to the satisfaction of the peer 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
 - e. The peer 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.

Peer Review has been completed

Yes

Supporting proposal:	Seeking Direction
Appendices:	Yes – Applications and supporting letters are as annexes Withheld - Commercial Information
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