

Tokerau Miro – Blueberry expansion on Māori-owned land in the Mid to Far North of Tai Tokerau

Projects overview

Name of the project	Tokerau Miro – Blueberry expansion on Māori-owned land in the Mid to Far North of Tai Tokerau
Region	Northland
Tier and type	Tier 2: Sectors
Applicant	Tokerau Miro Partnerships (Ngāti Kuri & JK Witihera asset management)
Estimated total project cost	\$1.925 million (\$ ^{Commercial Information} with \$ ^{Commercial Information})
Amount of funding sought from the PGF	Requested: \$ ^{Commercial Information} to Tokerau Miro Partnership Recommended: \$962,500 ^{Commerc} % of \$ ^{Commercial Information}) directly to Waimarama Orchards or Ngāti Kuri (PDU's preference) OR \$962,500 ^{Commercial Information} loan to Tokerau Miro Partnerships
Financial instrument requested	Whenua Māori ^{Commercial Information} Loan or ^{Commercial Information} loan
PDU recommendation	Approve

Background

39. Tokerau Miro Partnerships has applied for \$^{Commercial Information} from the PGF to develop ^{Commercial Information} of blueberry orchards in conjunction with a supply/distribution agreement of Miro Limited Partnerships (LP). The two partners in the joint venture are Ngāti Kuri and the asset management company of Jason and Kimiora Witihera. This project is part of the wider Miro Berries proposal package.
40. PDU recommends that this receives a Whenua Māori ^{Commercial Information} Loan ^{Commercial Information}
41. Ngāti Kuri wishes to diversify its Waimarama avocado orchard by adding berry fruit developments to its unused sections of the site. There is a strong degree of support for better utilising Māori land.
42. Through the agricultural vehicle of Ngāti Kuri (which is a community based entity) and support from Miro LP, the venture is considered to be well managed.
43. The applicants invested \$^{Commercial Information} to pilot ^{Commercia} of blueberries at the Waimarama avocado orchard in 2018. ^{Commercial Information}. This project facilitates the development of the berry farm to grow into a commercially viable size of ^{Commercial}

44. This application 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 cultivation system has a very low environmental footprint. The expertise on growing methodologies was gained through investing in Miro LP, who has developed a highly controlled and contained growing ecosystem.
45. Ngāti Kuri has indicated that all components for successfully delivering the project are in place. This includes access to quality water (via the Waimarama Dam), horticulture expertise, infrastructure and an able workforce. Two staff visited Miro LP Te Teko and spent a day working on a Miro site in Katikati to build the capability required.
46. The project will result in additional employment of approximately [redacted] FTEs in a historically disadvantaged region with low employment rates. While the majority of FTEs are part time ([redacted] FTEs will be full time), it provides additional and complementary employment on the existing Waimarama Orchards and better opportunities for full time employment.
47. The PDU notes that Te Urungi o Ngāti Kuri and JP & KA Witihera Asset Holding Limited both hold 4.65% each in shareholding for Hautupua GP Limited (the ultimate holding company for Miro Trading Limited Partnership).
48. [redacted] Commercial Information [redacted]

Options for progressing the investment

49. The PDU recommends that Tokerau Miro Partnerships (Ngāti Kuri & JK Witihera asset management) application is approved for \$962,500 of funding from the Provincial Growth Fund. There are two funding options:
 - I. Whenua Māori [redacted] Commercial Information Loan directly to Waimarama Orchards or Ngāti Kuri;
 - or
 - II. [redacted] Commercial Information
50. The approval is subject to the following conditions:
 - a. Secured cash co-funding of \$[redacted] Commercial Information against the first \$[redacted] Commercial Information from the PGF to enable a [redacted] Commercial Information % co-contribution.
 - b. Water consent or a plan for dealing with water requirements is confirmed to the satisfaction of the PDU.

PDU's recommendation

51. The PDU recommends that a Whenua Māori [redacted] Commercial Information Loan of \$962,500 is granted directly to Waimarama Orchards or Ngāti Kuri.
52. [redacted] Commercial Information [redacted]

Costs and funding

53. The applicant requests \$^{Commercial Information} for the Tokerau Miro Partnership. The PDU recommends that PGF funding of \$962,500 is given as a Whenua Māori ^{Commercial Information} Loan.
54. ^{Commercial Information}
55. ^{Commercial Information}
56. In addition, providing the funding to the Tokerau Miro Partnership instead of to the Māori Trust (or a subsidiary) distances the application from the criteria associated with receiving a Whenua Māori ^{Commercial Information} loan.
57. Where possible the PDU will work with the applicant in regard to taking appropriate security.

PDU assessment of the project

58. 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	✓✓✓✓	Each hectare of berry crops grown under tunnel houses has the potential to support ^{Com} FTE each year (^{Com} FTEs for set up, planting, pruning and harvesting) and >\$ ^{Commercial Information} of revenue.
Delivers benefit to the community	✓✓✓	The project utilises local employment and partially benefits local iwi in terms of profitability.
Increased utilisation and returns of Māori asset base	✓✓✓	This project is considered to benefit Māori significantly as the project is on Māori owned land and Ngāti Kuri is a joint venture partner.
Enhanced sustainability of natural	✓✓✓✓	This project will provide a better use of underutilised land for high value horticulture.

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 would increase the total size of the orchard to ^{Commercial} which is more sustainable. There are some synergies by providing more permanent employment for existing employees on the avocado orchard.
Acts as a catalyst for productivity potential in the region	✓✓✓	The funding will assist Ngāti Kuri in diversifying its agricultural portfolio to a more viable level where they could expand further in their own right.
<i>Connected to regional stakeholders and framework</i>		
Alignment with regional priorities	✓✓✓✓	The project is aligned with the Tai Tokerau Northland priority of better utilising Māori land for high value crops.
Support from local governance groups	✓✓✓	The applicant is partly owned by Ngāti Kuri and is on its land.
<i>Governance, risk management and project execution</i>		
Robust project management and governance systems	✓✓✓✓	The project management approach is considered adequate and the applicant has already delivered ^{Commercial} . The project will be managed by the existing agricultural business of Ngāti Kuri.
Risk management approach	✓✓✓	A comprehensive risk management table was provided in application. See Risk Assessment section below.

Criteria	Rating (1✓ to 5✓)	Comment
Future ownership / operational management	✓✓✓✓	The funding will form the basis for Ngāti Kuri's blueberry expansion on the larger Waimarama avocado orchard.

Agency comments

Ministry for Primary Industries

59. MPI is supportive of the application but believes co-contribution from the applicant is necessary.
60. [REDACTED] Commercial Information [REDACTED], MPI notes that there is a growing international market for blueberries. However, no minimum price has been set [REDACTED] Commercial Information [REDACTED]. Therefore, producers will be taking what the market sets after marketing and distribution costs have been off-set.
61. In addition, MPI notes that there are likely to be issues with the seasonal labour force required to harvest blueberries. However, the timing of blueberry picking (October/November through to February) does not overlap with apple or kiwifruit harvesting seasons.
62. MPI recommends that financial due diligence should be carried out on all applications where Miro or a third party investor is the co-contributor.

Ministry of Foreign Affairs and Trade

63. [REDACTED] Commercial Information [REDACTED]
64. [REDACTED] Commercial Information [REDACTED]
65. [REDACTED] Commercial Information [REDACTED]
66. [REDACTED] Commercial Information [REDACTED]
67. [REDACTED] Commercial Information [REDACTED]
68. [REDACTED] Commercial Information [REDACTED]

Te Puni Kōkiri

69. TPK supports this proposal and the assessment provided by the PDU.
70. The blueberry orchard will use underutilised Māori owned land in the Far North. The blueberry orchard will provide revenue diversification from the existing avocado orchard, offer employment opportunities and extend the availability of seasonal work.
71. TPK notes that the expansion of this blueberry operation to ^{Commercial} brings the orchard up to an economic scale of operation.
72. TPK agrees that that proposal would create employment opportunities in a historically disadvantaged area.

Risk assessment

73. 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 project is not feasible or cannot be delivered on time, to budget or to specification.	The project is based on a ^{Commercial} orchard that has been developed recently with a supplier of plants for ^{Commercial Info} .	Low
Operational	The project or asset does not operate to specification or budget, or does not achieve the forecasted revenue.	This risk is managed by the applicant and supplier of the plant material (Miro LP).	Low
Macroeconomic	The impacts of possible external economic changes have not been considered.	A significant slowdown in the international economy would likely affect the project and all other high value horticulture as expected.	Low
Sales channel failure	Losses are incurred by the producer in the event that Miro LP or ^{Commercial Informat} is liquidated.	Depending on the timing of any failure relative to delivery times, the effect could be minimal or significant.	Low

Conflicts of Interest

74. The PDU notes the following conflicts of interest:
- JK Witihera asset management is both a member of the Tokerau Miro Partnerships (the applicant) and shareholder (4.6%) in Miro LP (the distribution and technical partner for the orchard).
 - Te Urungi o Ngāti Kuri Limited is the entity that governs the commercial businesses of the Ngāti Kuri Trust. They are also a shareholder (2.3%) in Miro LP.
75. The PDU would need to consider and manage these potential conflicts of interest.