



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Space
Title of Cabinet paper	Project Tāwhaki: A Māori-Crown Partnership to realise joint economic and environmental interests on Kaitorete	Date to be published	3 July 2026

List of documents that have been proactively released		
Date	Title	Author
31 May 2021	Project Tāwhaki: A Māori-Crown Partnership to realise joint economic and environmental interests on Kaitorete	Office of the Minister of Research, Science and Innovation
5 August 2020	Project Tāwhaki: A Māori-Crown Partnership to realise joint economic and environmental interests on Kaitorete CAB-20-MIN-0383 Minute	Cabinet Office
10 August 2020	Project Tāwhaki: A Māori-Crown Partnership to realise joint economic and environmental interests on Kaitorete EXP-25-MIN-0055 Minute	Cabinet Office
24 May 2021	Oral Item: Project Tāwhaki Update CBC-21-MIN-0050 Minute	Cabinet Office
31 May 2021	Project Tāwhaki: Update CAB-21-MIN-0193 Minute	Cabinet Office

Information redacted

No

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

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Office of the Minister of Research, Science and Innovation

Chair, Cabinet

Project Tāwhaki: A Māori-Crown partnership to realise joint economic and environmental interests on Kaitōrete

Proposal

- 1 This paper updates Cabinet on Project Tāwhaki (the Project) with the changes that have occurred since I presented the Project to Cabinet in August 2020.

Relation to government priorities

- 2 The Project is novel, has the potential to generate numerous benefits and will provide practical evidence of the Māori-Crown relationship in action. It is designed to support a wide range of government priorities including realising environmental, cultural, wellbeing, innovation, and broader economic development objectives.
- 3 Te Arawhiti has advised that the partnership in this Project could provide an exemplar of what the Māori-Crown relationship looks like in practice.

Background

- 4 Project Tāwhaki is a commercial joint venture that sees Te Taumutu Rūnanga and Wairewa Rūnanga, together as Kaitōrete Limited, in partnership with the Crown to secure 1000 hectares of land on Kaitōrete Spit. To formalise the partnership a Joint Venture Agreement was signed by both parties on 26 May 2021. A copy of the unsigned Joint Venture Agreement is provided in Appendix One.
- 5 The joint venture will:
 - protect and rejuvenate the Kaitōrete environment, an area of significant cultural importance to the Rūnanga and home to numerous threatened and locally endemic plant, invertebrate and reptile species, with internationally recognised ecological value
 - develop aerospace and research and development (R&D) facilities that have the potential to generate significant and sustainable economic opportunities through job creation, capital investment and adjacent sectors serving the aerospace economy.
- 6 To secure 1000 hectares of land, which is currently privately-owned, the Crown is contributing \$14.0 million, with an additional \$2.0 million in a grant to Kaitōrete Limited for their contribution.
- 7 Te Taumutu Charitable Trust (The Trust) owns land on Kaitōrete to the north and south of the land being purchased by Kaitōrete Land Holding Limited for the Project. The Trust has signed the Joint Venture Agreement for the sole purpose to agree to

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support any consents that the Project may require in the future, specifically related to the land owned by Kaitōrete Land Holding Limited. As part of the Project, Kaitōrete Limited will work closely with Te Taumutu Charitable Trust.

- 8 Kaitōrete is a long finger of land which extends along the coast of Canterbury in the South Island. It runs west from Banks Peninsula for 25 kilometres, and separates the shallow Te Waihora lake from the Pacific Ocean. Kaitōrete is culturally significant to the Rūnanga, recognised as having internationally significant ecological value and is considered to be a national priority for conservation.
- 9 A submission seeking decisions relating to the Crown's involvement in the Project was considered by the Cabinet Economic Development Committee (DEV) on 5 August 2020 [DEV-20-SUB-0150].
- 10 During DEV, ministers raised a number of questions relating to the Project. While acknowledging the benefits arising from the proposed investment across a number of areas of the Crown's interests (including economic, environmental and Māori-Crown relations), ministers wanted greater assurance that the Crown's investment would be adequately protected.
- 11 The DEV Committee recommended that the submission was deferred to the Cabinet meeting of 10 August 2020 for further consideration. At that meeting Cabinet deferred consideration on the Project until later in the year [CAB-20-MIN-0383].
- 12 Since this time, changes have been made to the Project in response to the questions raised during DEV and Cabinet, as outlined below.

Funding

- 13 , Cabinet discussed the project in August 2020 but deferred consideration until later in 2020. As there were concerns with the proposal to use out of cycle funding, I instructed officials at the Ministry of Business, Innovation and Employment and the Treasury to explore the use of an underspend in the Greater Christchurch Regeneration (GCR) appropriation in Vote Finance for this purpose. The GCR was identified as the best option to fund the Project given the nature of the Project and its potential to support the economic recovery of the Canterbury region.
- 14 In April 2019 Cabinet authorised the Minister of Finance and the Associate Minister of Finance to reprioritise the surpluses in the GCR portfolio. In March 2021 the Minister of Finance and I, as Associate Minister of Finance, approved the:
 - use of \$16.0 million from the GCR appropriation to fund the Project Tāwhaki land acquisition and associated costs
 - establishment of a new appropriation in Vote Research, Science and Innovation to transfer the funds.
- 15 The \$16.0 million secured from the GCR will be used to pay for the land purchase directly by the Crown. The \$16.0 million includes a \$2.0 million grant to Kaitōrete Limited to cover their portion of the land acquisition.

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- 16 The proposal that I presented to Cabinet last year included that each Rūnanga would obtain \$1.0 million in debt funding (total of \$2.0 million) to pay for their share in the land purchase, with Ngāi Tahu Holdings Corporation as the guarantor for the debt funding. At the meeting there were concerns raised regarding Te Rūnanga o Ngāi Tahu underwriting loans for the Project.
- 17 In response, the investment structure was changed to a government grant of \$2.0 million to Kaitōrete Limited. Given the technical nature of government loans, accounting and legal advice recommended the provision of a grant rather than a loan.
- 18 A sum of \$800,000 was paid as a deposit for the land purchase on 28 May 2021 and the remainder (\$15.2 million) will be paid upon settlement on 30 June 2021.

Ownership structure and governance

- 19 The ownership structure that I presented previously to Cabinet stated that the ownership of the land was to be vested in the Rūnanga on purchase, subject to a commitment by the Rūnanga to:
- hold and allow the land to enable establishment of the facilities for a thirty-five year period
 - where possible, facilitate the use of other adjacent land owned by the Rūnanga
 - make any profits arising from the use of the land available to help to meet costs of achieving the objectives of the JVA.
- 20 Since I presented this proposal, it was negotiated that the Crown and Kaitōrete Limited will each own 50 percent shares in the ownership of the property. There will also be a 50:50 structure for the Crown and Kaitōrete Limited on all decision making and profit sharing for the Project.
- 21 The Crown and Rūnanga have co-designed this commercial joint venture, and have co-invested in its development. This is a significant area and we'll be working together as partners to deliver something special. Both parties are bringing important aspects to the partnership.
- 22 Te Taumutu and Wairewa Rūnanga, as mana whenua and rangatira of Kaitōrete, bring their inherent responsibility to manage, protect and restore the area for future generations, and importantly, provide the opportunity for the development of the aerospace facilities.
- 23 The Rūnanga have knowledge and connections that will help unlock opportunities through providing strategic direction and intellectual property, and deep connection with the history of the site that needs to be preserved.
- 24 Our partner, Te Taumutu Rūnanga, also owns parcels of land at both ends of Kaitōrete Spit. This will enable the joint venture to make the most of the land available, given the agreement by Te Taumutu Charitable Trust (as outlined in paragraph 7).
- 25 The Crown is investing \$16.0 million in the commercial partnership to ensure the protection of the land and enable the development of aerospace R&D facilities.

- 26 The government's involvement in the Project is not related to Treaty of Waitangi settlements or relative mechanisms, the nature of which has been confirmed by Crown and Ngāi Tahu legal counsel.
- 27 The joint venture will be governed by a Joint Venture Committee who will report to Kaitōrete Limited and me, as Minister of Research, Science and Innovation, as shareholders. The Joint Venture Committee will have equal representation with two members appointed by Kaitōrete Limited and two appointed by the Crown.
- 28 I will come back to Cabinet on my recommendations for the Crown-appointed Joint Venture Committee members in due course. These recommendations will be taken to either the Cabinet Appointments and Honours Committee or Cabinet Business Committee, depending on the meeting timetables.

Development pathway for aerospace and R&D facilities

- 29 Once the property is secured it will be leased (currently scheduled for the next 3 years) to the current landowner while the Joint Venture Committee progresses with the Project. This lease will provide a revenue stream to fund the operating expenses of Joint Venture Committee. Additional funding to undertake assessments on behalf of the joint venture will be provided from existing Crown baseline.
- 30 Under the Joint Venture Committee there will be three work programmes:
- *Conservation management* - to establish a conservation management and implementation plan for the Land.
 - *Technical, feasibility and consenting for aerospace launch and R&D facilities* - to further assess and refine the opportunity.
 - *Investment attraction and wider value streams* - to further assess market demand including engaging international partners, future funding streams and aerospace operators.
- 31 As part of the feasibility assessments, we have set aside some of the land from the farming lease to enable early testing on the site by domestic aerospace operators. These operators seek to test low-emission electric vehicles with the potential to provide environmental monitoring of the surrounding land and water.
- 32 At this stage, there is no guarantee that aerospace facilities will be built on the land. This investment preserves *the option* to explore the development of aerospace and R&D facilities. If facilities were to be constructed, the size, scale and activities of any facilities will need to be consistent with the objectives of the Joint Venture Agreement (such as balancing the conservation and economic objectives).
- 33 A priority for the Joint Venture Committee will be to explore the development opportunities and seek further investment into the land development. As shareholding partners, both Kaitōrete Limited and the Crown will assess the best options for developing the land, including the facilities operator business model.

- 34 A facilities operator will be engaged as the entity responsible for gaining any necessary regulatory approvals relating to the operation of the facilities, marketing the facilities, entering into contracts with users and investing in site and aerospace-related infrastructure.
- 35 There are several possible investment and ownership structures for a facilities operator, for example:
- Joint venture partners (for example, the Crown and Kaitōrete Limited) invest in and oversee facilities operation.
 - A commercial facilities operator invests in and oversees facilities operation.
 - A commercial facilities operator invests in and oversees facilities operation with the joint venture partners as shareholders in the facilities.
 - One of the options above plus operators on the land (such as aerospace companies) are also shareholders in the facilities.
- 36 Operators on the land could alternatively pay for use of the facilities and a proportion of these payments could help fund the development of required infrastructure.
- 37 If a facilities operator is engaged, the Joint Venture Agreement provides options for the Crown to withdraw from the Joint Venture Agreement and seek a return on its investments (see clause 19.3 in the Joint Venture Agreement, Appendix One). The Crown can at this point opt to sell or negotiate its share in the Joint Venture.
- 38 In the event that a facilities operator cannot be engaged, the Joint Venture Agreement specifies (see clause 19.4 in the Joint Venture Agreement, Appendix One) that the parties will take all reasonable steps to seek an alternative use of the land that will advance the economic, social and environmental interests of the parties (including achieving a return on the investment).

Implementation

- 39 The upcoming critical dates for the Project are outlined below:

Milestone/Activity	Timeframe
Appointment process for the Joint Venture Committee begins	31 May 2021
Settlement date for the sale and purchase of the land	30 June 2021
Workstreams under the Joint Venture Committee are established	July 2021
Crown appointments to Joint Venture Committee are considered by Cabinet	July 2021
Governance by the Joint Venture Committee begins	August/September 2021

40 Following the first year of the land purchase, I will present another update to Cabinet regarding the progress on the Project.

41 Over the next few months a national aerospace strategy is being developed to drive economic development, R&D and innovation in the sector. Project Tāwhaki is a cornerstone investment for this strategy, enabling growth in the sector by providing important infrastructure. I, as Minister of Research, Science and Innovation, along with my colleagues, Minister of Economic and Regional Development and Minister for Transport, will present this strategy to Cabinet in due course.

Financial Implications

42 As noted in paragraph 30, funding of the joint venture activities will be taken from the income from the lease and baseline funding at the Ministry of Business, Innovation and Employment and the Department of Conservation in the first instance.

43 The financial implications of larger scale investments, such as the facilities operator (as discussed above in paragraphs 33-39), are unknown at this stage. It will be the responsibility of the Joint Venture Committee to seek out appropriate funding avenues for the establishment of a facilities operator and the required infrastructure to support aerospace and R&D facilities.

Legislative Implications

44 There are no legislative implications in this paper.

Impact Analysis

45 This paper does not require a regulatory impact analysis.

Population Implications

46 There are no population implications in this paper.

Human Rights

47 There are no human rights implications in this paper.

Consultation

48 During the development of the Project we have worked closely with the Department of Conservation, the Office for Māori Crown Relations – Te Arawhiti, the New Zealand Space Agency and The Treasury. There has been no specific consultation with other parties on this paper due to the tight timing required for the drafting and lodging of the paper. A copy of the paper has been provided to the above agencies in advance of lodgement.

49 I have also consulted with my colleagues on this Project. In August 2020 I lodged papers to DEV and Cabinet. I also gave a progress update to my Cabinet Business Committee colleagues on Monday 24 May. This paper has been shared in advance of

lodgement with the Minister of Finance, the Minister for Māori Crown Relations – Te Arawhiti, the Minister of Economic and Regional Development, the Minister of Transport and the Minister of Conservation.

Communications

50 Alongside Kaitōrete Limited, I publicly announced the Project at a media stand up on 30 May 2021.

Proactive Release

51 Due to the commercial sensitivities and uniqueness of this Project, I intend to delay the proactive release of this paper. Prior to disclosure, we are required to consult with Kaitōrete Limited, as our partners on the Project. This may mean that proactive release will take longer.

Recommendations

The Minister of Research, Science and Innovation recommends that the Committee:

- 1 note that on 5 August 2020, a submission seeking decisions relating to the Crown's involvement in *Project Tāwhaki: A Māori-Crown partnership to realise joint economic and environmental interests on Kaitōrete* was considered by the Cabinet Economic Development Committee (DEV) [DEV-20-SUB-0150];
- 2 note that during that DEV meeting the ministers wanted greater assurance that the Crown's investment would be adequately protected and recommended that the submission was deferred to the Cabinet meeting of 10 August 2020 for further consideration;
- 3 note that Cabinet deferred consideration on the Project until later in the year [CAB-20-MIN-0383];
- 4 note that since August 2020 changes have been made to the Project in response to the concerns raised during the DEV and Cabinet meetings;
- 5 note that funding of \$16.0 million was secured from the Greater Christchurch Regeneration appropriation to purchase the land at Kaitōrete, inclusive of a \$2.0 million grant to the joint venture partner, Kaitōrete Limited, to cover their portion of the land acquisition;
- 6 note that the Crown and Kaitōrete Limited will each own 50 percent shares in the ownership of the property, in addition to 50:50 decision making and profit sharing for the Project;
- 7 note that once the property is secured it will be leased to the current landowner (currently scheduled for the next 3 years) and the income from this lease will fund the operating expenses of Joint Venture Committee;
- 8 note that funding of joint venture activities will be funded by baseline funding at the Ministry of Business, Innovation and Employment and the Department of Conservation in the first instance;

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- 9 note that while there is no guarantee that aerospace facilities will be built on the land, the Joint Venture Agreement has provisions to protect the Crown's investment including selling or negotiating its share in the joint venture, or for the joint venture to seek alternative uses of the land;
- 10 note that an update to Cabinet on the progress of the Project will be provided one year following the land purchase.

Authorised for lodgement

Hon Dr Megan Woods

Minister of Research, Science and Innovation

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Appendix One – Copy of the Joint Venture Agreement

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