



# Cabinet Business Committee

## Minute of Decision

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### Establishing Ngāpuhi Investment Fund Limited

**Portfolio**                      **Treaty of Waitangi Negotiations**

On 9 December 2020, the Cabinet Business Committee:

- 1        **noted** that on 23 June 2020, the Māori Crown Relations: Te Arawhiti Cabinet Committee (MCR) agreed:
  - 1.1      to establish a sovereign fund for Ngāpuhi and agreed the broad parameters of the Fund, subject to final decisions;
  - 1.2      that the initial capital for the sovereign fund would be \$150 million;
  - 1.3      that the entity managing the fund will be established as a Crown company in Schedule 4A of the Public Finance Act 1989 and governed by Crown-appointed directors;[MCR-20-MIN-0017];
- 2        **noted** that the entity is being incorporated as Ngāpuhi Investment Fund Limited with the Minister of Finance and the Minister for Treaty of Waitangi Negotiations as the shareholders;
- 3        **agreed** that the company purpose is to establish and manage an investment portfolio which is intended to be used by the Crown as part of a portfolio of assets to be offered as redress for the historical Treaty of Waitangi grievances of Ngāpuhi;
- 4        **agreed** that the investment principles for the Ngāpuhi Investment Fund Limited are that, in giving effect to its purpose, the company must seek to:
  - 4.1      acquire and manage a portfolio of assets that collectively:
    - 4.1.1     support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi;
    - 4.1.2     grow the value of the company's investment portfolio;
  - 4.2      operate as a responsible investor;
  - 4.3      subject to the foregoing subclauses, take a best practice approach to investment management;

- 4.4 subject to the foregoing subclauses, make investments that encourage and facilitate economic development in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe;
- 5 **noted** that investment objectives have been prepared for the incoming Board's consideration:
- 5.1 to preserve and grow the real value of the fund in perpetuity, i.e. to act as an inter-generational investor;
- 5.2 to diversify investment across asset types;
- 5.3 in respect of its indirect portfolio, to maximise risk adjusted returns;
- 5.4 in respect of its direct portfolio, to enable the potential expansion of the Ngāpuhi tribal footprint in its rohe; and encourage and facilitate regional development, including employment growth, in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe;
- 6 **noted** that Te Arawhiti will be the primary monitor of Ngāpuhi Investment Fund Limited, with the Treasury as a supporting secondary monitor;
- 7 **noted** that the Treasury has capacity constraints which means that, without additional revenue and noting present competing priorities with advice on other monitoring companies, there will be limited ability to provide focused advice on the fund;
- 8 **noted** that the estimated operating costs of Ngāpuhi Investment Fund Limited are expected to be higher than previously thought now that detailed design is complete;
- 9 **noted** that Te Arawhiti will fund the above operating shortfall from within its baseline for the 2021/22 year, and will consider how to manage the ongoing shortfall in the context of the first year of the company's operation;
- 10 **noted** that, following the Ngāpuhi Investment Fund Limited's establishment phase, some of the company's earnings will be used for disbursements to Ngāpuhi, with the disbursements approach to be factored in by Ngāpuhi Investment Fund Limited from late 2021 and the first grants made in mid-2022;
- 11 **authorised** the Minister of Treaty of Waitangi Negotiations, the Minister for Māori Development, and the Minister of Finance to finalise the approach for disbursements to Ngāpuhi, in order to meet objectives relating to social development and governance capability, including changing the constitution for this purpose if necessary;
- 12  **s.9(2)(g)(i)**

Gerrard Carter  
Committee Secretary

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**Present: (see over)**

**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods  
Hon Carmel Sepuloni  
Hon Andrew Little  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Michael Wood  
Hon Dr Ayesha Verrall

**Officials present from:**

Office of the Prime Minister  
Department of the Prime Minister and Cabinet





In Confidence

Office of the Minister for Treaty of Waitangi Negotiations  
Chair, Cabinet Business Committee

## Establishing Ngāpuhi Investment Fund Limited

### Proposal

- 1 This paper seeks final decisions on the detailed design of a new Crown company, the Ngāpuhi Investment Fund Limited (NIFL). In particular, it seeks approval for the NIFL's purpose, and investment principles.
- 2 I see establishing the NIFL as a means to help bring ngā hapū o Ngāpuhi to the negotiating table and demonstrate the Crown's commitment to restore the Crown's relationship with ngā hapū o Ngāpuhi.
- 3 There are two further papers for this meeting that complete the decisions required to establish the NIFL. They are *Ngāpuhi Investment Fund Limited: Orders in Council* and *Ngāpuhi Investment Fund Limited: Board Appointments*.

### Executive Summary

- 4 In June 2020, Cabinet agreed to the broad parameters of a Ngāpuhi investment fund (the Fund), subject to final decisions. Now the detailed design work has been carried out, I propose Ngāpuhi Investment Fund Limited – the company that will own and manage the Fund - is established.
- 5 There are three areas for Ministerial decisions that set the framework for NIFL's decision-making and operations.
- 6 First, the company purpose and investment principles, which are proposed for Cabinet agreement. I propose the NIFL's purpose is to establish and manage an investment portfolio which is intended to support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi.
- 7 Secondly, there are expectations relating to the NIFL's interaction with Ministers and government agencies that I am planning, at this stage, to reflect in the first Ministerial letter of expectation. They relate to operational funding and use of capital; the interface with forthcoming negotiations between the Crown and ngā hapū o Ngāpuhi; and monitoring of the company.
- 8 Thirdly, our expectations about how the company will work with Ngāpuhi. My hope is the Fund can help set a platform for long term growth in prosperity for ngā hapū o Ngāpuhi.

s.9(2)  
(g)(i)

## Background

- 9 In June 2020, Cabinet agreed to the broad parameters of the Fund, subject to final decisions [MCR-20-MIN-0017]. The Fund's purpose, as set out in June, was to acquire and develop diverse assets for the Crown to offer as redress in a Ngāpuhi settlement and grow its financial value.
- 10 Cabinet agreed the Fund will hold two portfolios. The first will acquire assets for potential use in settlement and the other will make standard indirect investments, such as in stocks and bonds.
- 11 Cabinet further agreed that a Schedule 4A Crown company is the appropriate entity to manage the Fund and that the Minister of Finance (MOF) and the Minister for Treaty of Waitangi Negotiations (MfTOWN) will be the shareholding Ministers, each with a 50 percent shareholding.
- 12 Cabinet agreed the Fund will launch with \$150 million of capital and that Cabinet will review the Fund's performance after two years to determine whether to make further capital contributions. Cabinet approved changes to appropriations to give effect to the decision to make a capital investment in the Fund, and to provide additional funding for the company's operating costs.
- 13 Cabinet noted that MfTOWN, in consultation with MOF and the Ministers for Māori Development and Regional Economic Development, would report back to the Māori Crown Relations Cabinet Committee by the end of 2020 seeking final decisions on the Fund.

### **There are three areas for Ministerial decisions that set the framework for NIFL's decision-making and operations**

- 14 This paper sets out a framework for NIFL operations that allows it to best achieve its objectives within the parameters of operating on a primarily commercial basis and at arms-length from Ministers.
- 15 As a Crown company listed in Schedule 4A of the Public Finance Act 1989, the company is subject to the Companies Act 1993 and relevant provisions of the Crown Entities Act 2004. This means it has mixed objectives: its decisions have to be commercially based as well as taking into account its objective of preparing for Treaty settlement with Ngāpuhi. The NIFL's particular framework will be set via its constitution and the annual shareholding Ministers' letter of expectation.
- 16 Collectively, the following three areas provide the framework for the NIFL:
  - 16.1 NIFL's purpose and investment principles;
  - 16.2 expectations for Ministerial and government agency interaction with NIFL; and
  - 16.3 expectations for how NIFL will work with Ngāpuhi.
- 17 The company purpose and investment principles will be reflected in the company's constitution. The Board may choose to adopt a trading name for the NIFL.

## **Cabinet sets the company purpose and investment principles and the Board will develop an investment strategy**

18 I propose Cabinet agrees the company purpose and investment principles. I propose the company purpose is:

“to establish and manage an investment portfolio which is intended to support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi”

19 I propose the investment principles are:

19.1 In giving effect to its purpose, the Company must seek to:

19.1.1 acquire and manage a portfolio of commercial assets that collectively:

19.1.1.1 support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi; and

19.1.1.2 grow the value of the Company’s investment portfolio;

19.1.2 operate as a responsible investor;

19.1.3 subject to the foregoing subclauses, take a best practice approach to investment management; and

19.1.4 subject to the foregoing subclauses, make investments that encourage and facilitate economic development in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe.

19.2 The Company may not invest in any securities, assets or investments where the primary listing, registration, place of incorporation or location is outside New Zealand.

20 There are two primary guiding principles. The first (19.1.1 above) is aligned with the Fund’s purpose. The other primary principle is to seek to operate as a responsible investor. In relation to responsible investment I expect, at a minimum, NIFL would ensure Environmental, Social, Governance (ESG) factors were embedded into investment selection policy and to engage with investee companies on their ESG policies and practices. The further investment principles (19.1.3 and 19.1.4) are secondary, but important to inform decision-making over competing investments.

21 The restriction to New Zealand investments (20.2) will limit the Fund’s ability to achieve full diversification and maximise return. Given the Fund’s purpose, I consider it is appropriate to limit the scope of investment in this way.

22 Commercial decision-making is central to the value proposition of the Fund. Establishing a company with this investment mandate – rather than, for example, increasing Crown assets by the direct Crown purchase of property – makes commercial rigour inherent in decision-making and operations. This means that, if successful, negotiations can equip ngā hapū me ngā uri o Ngāpuhi with a portfolio of well performing assets.

23 Cabinet has previously agreed the NIFL will hold two portfolios:

- 23.1 a **direct investment portfolio** with a focus on commercially-viable assets suitable for the Crown to offer to Ngāpuhi as settlement redress, and
- 23.2 an **indirect portfolio** that invests on a purely commercial basis.
- 24 A dual portfolio model is needed to meet the company's purpose, at least in the short- to medium-term. This may change in the future and a different investment model may be more appropriate. The letter of expectations will set a clear expectation that a dual-portfolio model be used. Subsequent letters will maintain or change this approach.

*The investment principles will determine how the Board sets the Fund's investment strategy and chooses investments*

- 25 I expect the direct and indirect portfolios to have different benchmarks and investment frameworks reflecting their different objectives. The Board will determine these benchmarks and investment frameworks. Officials, working with establishment advisors, have prepared the following draft investment objectives for the incoming Board's consideration:

- 25.1 to preserve and grow the real value of the Fund in perpetuity, i.e. to act as an inter-generational investor;
- 25.2 to diversify investment across asset types and within each asset type;
- 25.3 to maximise risk adjusted returns;
- 25.4 in respect of its direct portfolio, to enable the potential expansion of the Ngāpuhi tribal footprint in its rohe; and encourage and facilitate regional development, including employment growth, in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe.

- 26 Given I want the NIFL to act with a long-term horizon, I accept that its performance will be best judged on a multi-year basis. There is inherent volatility in the performance of investment-based funds, especially in the short-term, and potential for negative returns in any particular year.

- 27 It will be the Board's decision how to best allocate the Fund's assets to achieve the purpose and objectives, within the standard accountability framework for Crown companies. At this stage I consider it would be reasonable to see approximately [REDACTED] of the fund allocated to the indirect portfolio in the establishment phase. Over time, I expect the Board will shift this balance. For example, by the end of year three, it may be appropriate for [REDACTED] of the assets to be in the indirect portfolio and [REDACTED] in the direct portfolio.

**s.9(2)(f)(iv)**

*The NIFL will develop its approach to finding investment opportunities*

- 28 Officials advise that while there is potential for the Fund's direct investment in the North, it may take significant work to identify appropriate investment opportunities. Te Arawhiti has invited suggestions from Ngāpuhi for investment ideas. The suggestions range from specific suggestions (e.g. Kerikeri Airport) to general industries (e.g. hemp processing plants) and will be passed on to the NIFL for consideration.
- 29 Until the Fund is operating, it is hard to accurately quantify how much the company will be responding to demand for investment and how much it will be actively seeking investment opportunities. Over time, the company will improve its understanding of the investment flow which will in turn shape its operations. The high-level operating model needs to be sufficiently flexible to enable this.

**Shareholding Ministers will set expectations for Ministerial and government agency interaction with NIFL**

30 There are three areas relating to the NIFL's interaction with Ministers and government agencies that I am planning, at this stage, to reflect in the first letter of expectation. They relate to operational funding and use of capital; the interface with forthcoming negotiations between the Crown and ngā hapū o Ngāpuhi; and monitoring of the company.

*Detailed planning has now been completed to inform the NIFL's organisational structure and costs*

31 Preparatory work for the incoming Board has produced an organisational structure for day one, for the first six months of operation, and ongoing. The approach has been to develop a lean structure that nonetheless has key capability. This includes the capability to develop direct, minority stake investments; and undertake indirect investments via external fund managers.

32 Cabinet has approved one capital and one operating appropriation in Vote Treaty Negotiations to provide for the capital investment and operating costs respectively of the NIFL. The capital is for investment and I will be clear with the Board that my expectation is the general operating expenditure should be within the funding amounts of the operating appropriation. Given it is a company with solvency considerations, however, shareholding Ministers do not intend to formally restrict the use of the fund's share capital or investment returns for operating costs.

33 Operational funding for NIFL was previously sought from Cabinet on the basis of indicative costings. Officials have now been able to revise cost estimates based on the detailed design of the Fund and its associated company. It is estimated the annual operating costs will be \$2.39 million, of which a significant component is personnel with specialist skills.

34 This is more than the operating funding appropriated by Cabinet in July. Because there is sufficient funding for NIFL's operations through to July 2021, Te Arawhiti intends to fund this shortfall from reprioritisation within its baseline for the 2021/22 year, and will monitor the operations of NIFL over 2021 to determine how to manage this shortfall into the future.

35 These costs are still comparatively low for an investment fund of this size, particularly given the unique features of the Fund, and efforts have been made in design to keep costs low.

36 I anticipate that relevant investment-specific transactional costs (e.g. due diligence, documentation and other transaction costs) will be funded notionally from the allocated capital and netted off the earnings and proceeds of each investment.

*Shareholding Ministers expect the Board's investment decision-making to be independent*

37



s.9(2)(g)(i)

38 Shareholding Ministers expect the NIFL's Board may, and should, receive investment ideas from Ngāpuhi and other parties but the decision to invest is for the Board to make independently. Decisions need to be made on the basis of how well any given investment opportunity aligns with investment principles and objectives.

39 In addition, shareholding Ministers expect that, when it comes to tribal footprint assets (one component of the direct portfolio), the company will invest primarily in the Ngāpuhi rohe, with the option for a portion of investments outside at the Board's discretion.

*Shareholding Ministers expect NIFL to interface with forthcoming negotiations between the Crown and ngā hapū o Ngāpuhi*

40 I expect the Board to consider investment suggestions that arise from the negotiations process and consider their value in relation to their investment principles and objectives.

41 Given the Treaty of Waitangi principles of partnership, protection and redress, shareholding Ministers expect the company to operate mindful of the interests of all Māori, iwi and hapū. Shareholding Ministers expect the Board will develop a protocol with Te Arawhiti to source advice [REDACTED]

s.9(2)(f)(iv)

42 If the Fund is successful, it may become the centrepiece of commercial redress for ngā hapū o Ngāpuhi. There is potential to equip ngā hapū o Ngāpuhi with a portfolio of well performing assets, as well as potentially leveraging capability from a mature entity. The NIFL's assets, in whole or in part, may be acquired by ngā hapū o Ngāpuhi through negotiations.

*Te Arawhiti will be the monitoring agency with support from The Treasury*

43 Te Arawhiti will be the primary monitor given their leadership of Māori Crown relations, i.e. the context of the NIFL's policy objectives. As a component of the Crown's settlement approach for Ngāpuhi, Te Arawhiti has a keen interest in the Fund's performance and management.

44 The Treasury will have a secondary monitoring role given their expertise in the operational and performance monitoring of commercial entities. It will provide advice to Te Arawhiti based on its experience and processes in place for the monitoring of Crown companies.

**Shareholding Ministers expect the company to work with Ngāpuhi**

45 My hope is the Fund can help set a platform for long term growth in prosperity for ngā hapū o Ngāpuhi and, as such, the views of ngā hapū are important to inform the Board's work. [REDACTED]

s.9(2)(g)(i)

46 At this stage, the Crown is supporting regional hapū groupings to achieve mandate recognition. Given the Crown's relationship-centred, flexible approach, I do not want to lock down how the NIFL may relate to ngā hapū o Ngāpuhi over the negotiations period. It will be up to the Board to determine how to engage with ngā hapū o Ngāpuhi.

47 I see potential for evolution in how the company works with ngā hapū o Ngāpuhi. [REDACTED] depending on progress in negotiations, I may seek advice on how to bring Ngāpuhi closer to the operations of the NIFL prior to settlement. There are a range of options that could be considered, potentially linked to the achievement of milestones. This could, in due course, lead to a substantial change in the company's strategy and operations. It would need to be worked through carefully with NIFL, including in terms of implications for its operations and employees.

s.9(2)(f)(iv) and s.9(2)(j)

*Disbursements to Ngāpuhi*

48 Cabinet has agreed that some of the Fund's earnings will be used to make disbursements from late 2021 to Ngāpuhi uri for social development purposes and to mandated Ngāpuhi entities to support the development of governance capability, subject to Cabinet decisions, and with corresponding fiscal impacts.

49 The purpose of disbursements is to expand Ngāpuhi support for negotiations and illustrate a potential benefit of well-performing investment portfolios. [REDACTED]

s.9(2)(f)(iv)

50 Given the disbursement function is distinct from NIFL's largely commercial nature, I consider it appropriate for it to be factored into NIFL's operations in its second phase following establishment. I propose, therefore, to convey expectations to the Board about disbursements in the 2021/22 letter of expectations with the approach taken account of from late 2021 and the first grants made in mid-2022.

51

[REDACTED]

s.9(2)(f)(iv)

52 I seek delegated authority from Cabinet for the shareholding Ministers and the Minister for Māori Development to agree the approach for disbursements, including changing the constitution if it is decided the NIFL carries out the disbursement function rather than returning funds to the centre for this purpose.

**Publicity**

53

[REDACTED]

s.9(2)(g)(i)

**Risks and mitigation**

s.9(2)(f)(iv)

54

[REDACTED]

55 There may be negative publicity associated with any losses. Communications will emphasise that NIFL's operations will not affect quantum negotiations and any loss on investments will be borne by the Crown.

*Litigation risk*

56

[REDACTED]

s.9(2)(h)

## Consultation

- 57 The Treasury, Te Puni Kōkiri, and the Ministry of Business Innovation and Employment have been consulted on this paper. Inland Revenue, Te Kawa Mataaho and the Department of the Prime Minister and Cabinet have been informed.

## Financial Implications

- 58 Revised estimates of operating costs following detailed organisational design give an annual operating budget of \$2.39 million. This is \$0.39 million per annum higher than appropriated currently.
- 59 Te Arawhiti intends to fund this shortfall from the existing Ngāpuhi tagged contingency or reprioritisation within its baseline for the 2021/22 year and will monitor the operations of NIFL over 2021 to determine how to manage this shortfall into the future.

## Tax treatment

- 60 Section CW 38B of the Income Tax Act 2007 authorises the Governor-General by Order-in-Council made on the recommendation of the Minister of Revenue to add the name of a company to Schedule 35 of the Income Tax Act 2007.
- 61 The Minister for Revenue has agreed that NIFL should be added to the Schedule on the basis that it meets the necessary criteria outlined in the Act:
- 61.1 the company is listed in Schedule 4A or it is a subsidiary of a company listed in Schedule 4A;
  - 61.2 Ministers hold, on behalf of the Crown, more than 50% of the voting interests in the company;
  - 61.3 all other voting interests, if any, in the company are held by local authorities; and
  - 61.4 the company's primary purpose is carrying out a public policy objective of the Government of New Zealand. NIFL has the purpose to establish and manage an investment portfolio which is intended to support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi.
- 62 The effect of this addition to Schedule 35 is that the company will be exempt from income tax, better enabled to claim back the goods and services tax paid on its purchases and be eligible for a resident withholding tax exemption certificate.
- 63 This approach is consistent with that taken for the Provincial Growth Fund and Green Investment Fund entities.
- 64 The Cabinet paper seeking approval to make the relevant Orders in Council is being considered concurrently to this one.

## Proactive Release

- 65 I will proactively release a redacted version of this paper when the NIFL is launched.

## Human Rights

- 66 The proposals outlined in this paper do not raise any issues of inconsistency with the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

## Gender implications

- 67 There are no gender implications from decisions in this paper. Gender implications will be considered in the development of the approach to disbursements.

## Legislative Implications

- 68 An Order in Council is required to add the company to Schedule 4A of the Public Finance Act 1989 and Schedule 35 of the Income Tax Act 2007. These Orders in Council are the subject of an accompanying paper to this meeting.

## Regulatory Impact Analysis

- 69 Cabinet's regulatory impact analysis requirements apply to the proposal for the Fund. Key decisions were taken by Cabinet in June 2020 (MCR-20-MIN-0017 Minute refers), however, there was no accompanying Regulatory Impact Statement provided at that time. Since Cabinet's impact analysis requirements apply, the Treasury and Te Arawhiti have agreed on the nature and timing of a supplementary analysis report.

## Recommendations

It is recommended that the Cabinet Business Committee:

- 1 **note** in June 2020 Cabinet agreed to establish a sovereign fund for Ngāpuhi and agreed the broad parameters of the Fund, subject to final decisions [MCR-20-MIN-0017];
- 2 **note** Cabinet agreed the initial capital for the sovereign fund would be \$150 million;
- 3 **note** Cabinet agreed the entity managing the fund will be established as a Crown company in Schedule 4A of the Public Finance Act and governed by Crown-appointed directors;
- 4 **note** the entity is being incorporated as Ngāpuhi Investment Fund Limited with the Minister of Finance and the Minister for Treaty of Waitangi Negotiations as the shareholders;
- 5 **agree** the company purpose is to establish and manage an investment portfolio which is intended to be used by the Crown as part of a portfolio of assets to be offered as redress for the historical Treaty of Waitangi grievances of Ngāpuhi;
- 6 **agree** the investment principles for the Ngāpuhi Investment Fund Limited are that, in giving effect to its purpose, the company must seek to:
  - 6.1 acquire and manage a portfolio of assets that collectively:
    - 6.1.1 support any future agreements that may be entered into by the Crown in relation to the historical Treaty of Waitangi grievances of Ngāpuhi; and
    - 6.1.2 grow the value of the company's investment portfolio;
  - 6.2 operate as a responsible investor;

- 6.3 subject to the foregoing subclauses, take a best practice approach to investment management; and
- 6.4 subject to the foregoing subclauses, make investments that encourage and facilitate economic development in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe;
- 7 **note** investment objectives have been prepared for the incoming Board's consideration:
- 7.1 to preserve and grow the real value of the fund in perpetuity, i.e. to act as an inter-generational investor;
- 7.2 to diversify investment across asset types;
- 7.3 in respect of its indirect portfolio, to maximise risk adjusted returns; and
- 7.4 in respect of its direct portfolio, to enable the potential expansion of the Ngāpuhi tribal footprint in its rohe; and encourage and facilitate regional development, including employment growth, in the Ngāpuhi rohe or further the prosperity of uri whānui o Ngāpuhi outside the rohe;
- 8 **note** Te Arawhiti will be the primary monitor of Ngāpuhi Investment Fund Limited, with the Treasury as a supporting secondary monitor;
- 9 **note** that the Treasury has capacity constraints which means that, without additional revenue and noting present competing priorities with advice on other monitoring companies, there will be limited ability to provide focused advice on this fund;
- 10 **note** there is an accompanying Cabinet paper proposing Orders in Council that place the Ngāpuhi Investment Fund Limited in Schedule 4A of the Public Finance Act 1989, and in Schedule 35 of the Income Tax Act 2007, exempting it from income tax as a public-purpose Crown-controlled company;
- 11 **note** the estimated operating costs of Ngāpuhi Investment Fund Limited are expected to be higher than previously thought now that detailed design is complete;
- 12 **note** Te Arawhiti will fund this operating shortfall from within its baseline for the 2021/22 year, and will consider how to manage the ongoing shortfall in the context of the first year of the company's operation;
- 13 **note** that, following the Ngāpuhi Investment Fund Limited's establishment phase, some of the company's earnings will be used for disbursements to Ngāpuhi, with the disbursements approach to be factored in by Ngāpuhi Investment Fund Limited from late 2021 and the first grants made in mid-2022;
- 14 **delegate** authority to the Minister of Treaty of Waitangi Negotiations, the Minister for Māori Development and the Minister of Finance to finalise the approach for disbursements to Ngāpuhi, in order to meet objectives relating to social development and governance capability, including changing the constitution for this purpose if necessary; and

15



s.9(2)(g)(i)

Authorised for lodgement

Hon Andrew Little  
**Minister for Treaty of Waitangi Negotiations**  
/ / 2020