

Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme

Frequently Asked Questions

Who is the Māori Trustee?

The Māori Trustee is a corporation sole. The Minister for Māori Development appoints a person to hold the office of Māori Trustee to carry out the responsibilities and functions of the Māori Trustee under the Māori Trustee Act 1953 and other legislation. The current Māori Trustee is Dr Charlotte Severne.

Why is the Māori Trustee running the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme – isn't it usually involved with Māori land?

The Māori Trustee has a number of functions and roles including administration of the Māori Trustee's General Purposes Fund from which loans may be made for the benefit of Māori. As a result of the current Covid-19 crisis, the Māori Trustee has decided to make available up to \$10 million from this fund to provide further cashflow support for small and medium Māori-owned businesses.

Are Māori landowners funding the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme?

No, landowners' money is held in the Māori Trustee's Common Fund and is not being used to fund the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme.

Is Government funding the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme?

No, Government is not funding the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme. Te Puni Kōkiri, however, is providing some administrative support to review applications for Top-Up Loans.

What is Te Tumu Paeroa's involvement with the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme?

Te Tumu Paeroa is the organisation that supports the Māori Trustee to carry out her duties, responsibilities and functions. Some Te Tumu Paeroa staff will be involved in the administration of Top-Up Loans.

Is the Māori Trustee or Te Tumu Paeroa getting paid for running the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme?

The costs of the Māori Trustee and Te Tumu Paeroa associated with managing the General Purposes Fund are met from the General Purposes Fund.

Why doesn't the Māori Trustee make grants instead of loans?

The Māori Trustee does not have statutory power to make grants from the General Purposes Fund.

Why has the Māori Trustee waited until now to establish a loan scheme for Māori owned SMEs?

The Māori Trustee has waited to be able to see the design and level of up-take of the Government's loan scheme. This has allowed the Māori Trustee to gauge the level for additional support for Māori SMEs and to ensure the design of the private scheme could be easily understood and administered.

Applications for a Top-up Loan

Why is 50% of the loan I received from the Government the maximum amount I can apply for under the Top-Up Loan?

Because the Top-Up Loan from the Māori Trustee is intended to "top-up" the Government's loan under the Small Business Cash Flow (Loan) Scheme. It is not intended to match the Government's loan.

Can I borrow less than 50% of the Government loan?

Yes, but you will not be able to request more later. For example, if the Government loan is \$20,000 and you request a Top-Up Loan of \$8,000, you cannot later request an additional \$2,000 to be added to your Top-Up Loan.

Is there a fee to apply for a Top-Up Loan?

No.

Why does the same person who completed the application for the Government loan need to complete the Application for the Top-Up Loan?

The Māori Trustee requires this because it will streamline the process to verify that a person has authority to make an application for a Top-Up Loan.

Why do I have to provide the Māori Trustee with a copy of the IRD approval of the Government loan?

Because only businesses that applied for and received the Government loan under the Small Business Cash Flow (Loan) Scheme can apply for a Top-Up Loan and the Māori Trustee needs evidence of that.

My business didn't apply for a Government loan and that scheme has now closed. Can we still apply for a Top-Up Loan?

Unfortunately not, only businesses that applied for and received the Government loan under the Small Business Cash Flow (Loan) Scheme can apply for a Top-Up Loan.

Why is the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme only available for Māori-owned businesses?

The Māori Trustee only has statutory power to make loans for the benefit of Māori or descendants of Māori.

What kind of evidence should I submit to show my business is Māori-owned?

Businesses that are Māori authorities should submit evidence which shows that they hold that status (such as confirmation from IRD). If you are unclear whether your business is a Māori authority, contact the IRD.

Businesses that are not Māori authorities will need to show that a majority of the owners of the business are Māori. Those businesses should provide the full names of all the owners of the business, provide evidence of those owners who were registered to vote on the Māori electoral roll as at 18 June 2020, and for any who were not, submit evidence in support of their ethnicity. For example, tribal or hāpu affiliations and contacts; marae affiliations; or whakapapa.

What does a majority of Māori owners mean?

A business will have a majority of Māori owners if more than half of the owners by number are Māori. However, at the sole discretion of the Māori Trustee, the Māori Trustee may consider other matters, such as shareholding, or ownership by value, in determining whether a business is Māori-owned.

What right does the Māori Trustee have to decide whether my business is Māori owned?

The Māori Trustee is not determining whether your business is Māori owned. Rather, the Māori Trustee must be satisfied that the information submitted, including that relating to the ownership of the business, is sufficient to approve an Application. Te Puni Kōkiri will be providing the Māori Trustee with assistance with regard to assessment against the Māori business ownership criterion.

What information do I need to have handy with me when I complete the online application?

This information (including examples) can be found at the beginning of the Application form. You will need:

- a copy of photo ID showing your date of birth
- a copy of IRD's approval of your application for the Government's Small Business Cash Flow Loan
- evidence that your business received payment of the Government's Small Business Cash Flow Loan
- a bank deposit payment slip for the bank account that will receive a Top-Up Loan if your Application is approved (this should be the same bank account that received payment from the IRD)
- evidence your business meets our criteria for Māori ownership
- information about your business, including physical address details, IRD number and NZBN number

You will also need to ensure that you hold information on file to verify that you have a plan to ensure your business remains viable and ongoing. This information does not need to be submitted with your Application, but you will need to confirm that you have this information on file in order to submit your Application, and will need to provide it to us if requested.

Can I print off a hard copy of the Application and return it by email completed?

No, all Applications must be completed online.

Can I complete my Application and send you the supporting information later?

No, for your online Application to be treated as completed, you will need to upload all supporting information with your Application.

Can I discuss my Application with the Māori Trustee before submitting it?

No, the Māori Trustee cannot provide advice regarding your proposed Application.

I have questions regarding the Application form or Application process, who can I speak to?

Answers to frequently asked questions are set out in this FAQ section. You should consult your accountant or other advisor if you have additional questions about making the Application or about the Application process.

Can I read the loan terms and conditions before submitting an Application?

Yes, please refer to the document “Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme - Loan Terms and Conditions.”

How will I know the Māori Trustee has received my Application?

You will receive an email from us acknowledging receipt of your Application.

The Māori Trustee has confirmed it has received my Application and is reviewing it. Can I contact the Māori Trustee to discuss the progress of my Application?

No, the Māori Trustee will not be discussing the progress of individual Applications. You should receive advice on whether the Application has been successful within 4-8 weeks of submitting it.

Can I withdraw my Application after submitting it?

You may only withdraw your Application before you receive notice from the Māori Trustee approving the Top-Up Loan. To withdraw you will need to advise the Māori Trustee by email at topuploans@tetumupaeroa.co.nz. You may not withdraw your Application after you receive notice approving the Top-Up Loan.

Review of Applications

What if the Māori Trustee receives Applications for Top-Up Loans totalling more than \$10 million? How will it determine the priority of Applications it receives?

The total amount available for all Top-Up Loans under the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme is \$10 million.

The Māori Trustee will first identify Applications that have been completed correctly and with all required supporting information provided (Properly Completed Applications). Once the Māori Trustee receives Properly Completed Applications for Top-up Loans which, if approved, would amount to an aggregated loan amount of \$10 million, it will suspend the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme and review and process those Applications first.

The Māori Trustee may later re-open the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme if not all Properly Completed Applications are approved.

This website says the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme has been suspended but may be re-opened, what does that mean?

This means that the Māori Trustee has received Properly Completed Applications seeking loans totalling \$10 million and is not currently taking any further Applications. The scheme may re-open if not all Properly Completed Applications are successful in receiving a Top-Up Loan.

How do I know if the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme has re-opened?

The notification will be placed on this website if the Māori Trustee Top-Up Small Business Cashflow (Loan) Scheme has re-opened.

Can I register my interest so that you contact me if this occurs?

Unfortunately, we are unable to do this.

How long before I hear whether my Application is successful?

We hope to be in a position to process Properly Completed Applications within 4 to 8 weeks. Some may be processed earlier.

Why so long - the IRD processed my Application very quickly?

The criteria for determining an Application for a Top-Up Loan is different. The IRD also has a high level of resources at its disposal to administer its scheme while the Māori Trustee Top-up Small Business Cashflow (Loan) Scheme is a private scheme which will be administered by a small team.

Can I get an early advance and then just pay it back if my Application is not successful?

Unfortunately no, that is not possible.

Will I receive advice if my Application is unsuccessful?

Yes, by email. However, this may take up to 8 weeks.

Can I appeal if I am not successful?

No, but if you are unhappy about the way your Application has been handled, you can provide feedback to us by emailing topuploans@tetumupaeroa.co.nz.

Will you share information in my Application with anyone else?

Te Puni Kōkiri will be reviewing the evidence submitted in support of the business being Māori-owned and, to the extent necessary, sharing that information with other agencies or organisations for the purpose of clarifying this. All other information will be held by the Māori Trustee and not disclosed except in accordance with the loan contract. Where an Application is unsuccessful, the Māori Trustee will hold the Application and supporting information for one year and then dispose of it.

Administration and use of the Top-Up Loan

Who will administer the Top-Up Loan?

Te Tumu Paeroa will administer the Top-Up Loan.

Will there be any fee to administer the Top-Up Loan?

No fees will be charged for administration of the Top-Up Loan, but if the Top-Up Loan is in default, you may be subject to additional costs under the loan contract and at law.

How can interest be charged from the commencement of the Top-Up Loan if the Top-Up Loan is interest-free in the first year?

The Top-Up Loan is interest-free in the first year if it is repaid in full in the first year. If you do not repay the Top-Up Loan within the first year, interest will be calculated from the commencement of the Top-Up Loan.

Are there any tax consequences in receiving an interest-free loan for the first year?

We cannot advise you regarding the taxation impact of receiving a Top-Up Loan. The Māori Trustee recommends that you speak to your accountant or other business advisor about the potential tax consequences of receiving a Top-Up Loan.

Whānau have lost their jobs and are struggling. Can I use the Top-Up Loan to help them put food on the table or meet other necessities?

No, the Top-Up Loan is a business Cash Flow Loan that must be used wholly for business purposes to pay core business operating costs.

Can I use the Top-Up Loan to pay staff and contractors salaries?

No, applicants must declare that they will not use the Top-Up Loan for this purpose. The wage subsidy scheme already provides support for businesses to meet this cost.

Can I repay the loan balance on the Top-Up Loan at any time?

Yes, and the Māori Trustee will be able to provide you with the total outstanding amount that requires repayment should you choose to do so.

What happens if I have not repaid the Top-Up Loan within 5 years?

You are legally required to repay all outstanding amounts under the loan contract within 5 years. Not doing so would put the borrower in default of its legal obligations and subject the borrower to enforcement processes, accrual of default interest and additional costs under the loan contract and at law.

Can I get an extension of the Top-Up Loan after 5 years?

No, the Top-Up Loan must be repaid in full within 5 years.