

COVER SHEET

2.16 Apollo Foods Aseptic Manufacturing Project PGF Application		For: Approve	
Tier:	2 - Sectors	Sector:	Food and Fibre
Background & context:		Recommendation(s):	
<p>Applicant Organisation:</p> <ul style="list-style-type: none"> Apollo Foods Limited <p>Location:</p> <ul style="list-style-type: none"> Hawke's Bay <p>Proposal:</p> <ul style="list-style-type: none"> Funding for a development of a business case for capital investment in expanding aseptic production and packaging at an existing apple press processing facility in Hawkes Bay Funding will enable the business case development to be accelerated to 2019 (instead of 2022), If the expansion project is viable, it is expected to provide up to ^{Comm} new highly skilled jobs through the addition of the new processing line <p>Funding Sought:</p> <ul style="list-style-type: none"> Total project value: \$^{Commercial} PGF Funding: \$^{Commercial} <p>Background:</p> <p>The applicant is an existing apple juice manufacturing business, operating in the Hawkes Bay under "The Apple Press" brand name.</p> <p>It is seeking funding to carry out a comprehensive business case relating to the technical and commercial</p>		<p>We recommend that SROs:</p> <p>a) Approve \$^{Commercial} for Apollo Foods Aseptic Manufacturing Project subject to:</p> <ul style="list-style-type: none"> Confirmation of the final report deliverables Regular reporting of report progress Making clear that funding the report does not oblige the fund to make additional subsequent investment in the firm. 	

viability of a proposed \$^{Commercial} expansion ^{Commercial Information}
Commercial Information via the introduction of processes for production of aseptically packaged beverages.

The applicant has identified that the PGF funding will significantly accelerate the firm's decision to potentially invest in the additional plant and technology.

The Apple Press business was developed by Apollo Foods following investment of circa \$^{Commercial Information} in a new purpose built facility for sterile filling of beverages and has grown from ^{Comm} full time employees to ^{Comm} employees in a 12 month period.

The PDU notes that Fonterra and Apollo Foods have signed an agreement for bottling milk based drinks previously undertaken at the now closed Takanini Fonterra factory at Apollo's Hawke's Bay production facility. The new equipment includes a production line which will allow the production of ^{Commercial Information} of beverages annually and can fill a range of different products. The Aseptic Manufacturing Project builds off this partnership, as well as other potential market opportunities.

"MPI supports the PGF application for approval subject to:

- ^{Comm} / ^{Comm} contribution to the Feasibility Study
- The Feasibility Study acts as a Stop / Go decision point
- Confirmation of Feasibility Study deliverables
- Regular reporting of Feasibility Study progress, milestones, risk / issues and outcomes
- The proposal being endorsed by the Matatriki REDS group"

PGF criteria that this proposal supports:

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
Link with fund and government outcomes		
Creates permanent jobs	<ul style="list-style-type: none"> • Potentially up to ^{Comm} new highly skilled jobs will be created if the project is viable 	✓✓✓



Delivers benefit to the community	<ul style="list-style-type: none"> Potentially new jobs, value add to existing horticulture (and dairy industries) 	✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> Not clear 	✓✓✓
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> Value add / reduced reliance on imported materials 	✓✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> To be determined as part of the feasibility study but development of the aseptic processing and packaging will reduce reliance on importing from off-shore 	✓✓✓
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> Expansion of existing operation, upskilling in use of specialized technology and processes 	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> Potential job creation, value add an existing industry 	✓✓✓
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<p>Refers to alignment with 4 of the 6 pillars of the Matariki HBRED:</p> <ul style="list-style-type: none"> Becoming a beacon for investment Identifying and supporting existing business growth Improved pathways to and through employment (skills and personnel development) Promoting greater innovation, productivity and agility 	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> References support from local and regional council. 	✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> Reliance on existing Apollo Foods management and governance systems 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Reliance on existing Apollo Foods management and expertise 	✓✓✓

Future ownership / operational management	<ul style="list-style-type: none"> • Apollo Foods will retain ownership of the report IP 	✓✓✓							
The purpose of this briefing is to consider recommending/ declining PGF funds to the:									
<p>Risks Issues: Longer lead-time to complete additional line feasibility is identified as a medium risk.</p> <p>Eligibility points of note:</p> <ul style="list-style-type: none"> • <i>Conflict(s) of interest:-</i> Based on the information provided no conflict of interest is evident noting that full due diligence will inform this item further. • <i>Illegal Activity:-</i> Based on the application information provided and feedback from other agencies there is no indication that the applicant or project has been involved in, or associated with illegal activity. 									
Consultation undertaken or implications:									
Legal	N/A	HR	N/A	Finance	N/A	MBIE policy	N/A	Other	
Supporting proposal:			Yes						
Appendices:			Yes - Applications and supporting letters are as annexes						
Sponsor(s):			N/A						
Manager/Author of paper:			Alex Matheson, Investment Team / MC						