

## COVER SHEET

<b>2.17 The Limery PGF Application</b>		<b>For: Approve</b>	
<b>Tier:</b>	2 - Sectors	<b>Sector:</b>	Food and Fibre
<b>Background &amp; context:</b>		<b>Recommendation(s):</b>	
<p><b>Applicant Organisation:</b></p> <ul style="list-style-type: none"> <li>The Limery Ltd</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>Wairoa, Hawkes Bay</li> </ul> <p><b>Proposal:</b></p> <ul style="list-style-type: none"> <li>The funding requested is to support the expansion of a Lime processing facility. This includes expanding the operational area for a larger juicing room, bottling, packing and storage space, the purchase and installation of new equipment and compliance costs.</li> </ul> <p><b>Funding Sought:</b></p> <ul style="list-style-type: none"> <li>Total project value: \$<sup>Commercial Informa</sup> - \$<sup>Commercial Informa</sup></li> <li>PGF Funding Requested: \$355,000 (<sup>Commercial Information</sup>)</li> </ul> <p><b>Background.</b> The Limery is a 4,000 tree lime orchard that was established in 2012. As well as growing and selling limes, the business has also developed a packhouse and juice processing facility that meets regulatory standards.</p> <p>There is an opportunity through this proposal to develop a broader range of value added products through the lime processing facility expansion proposed.</p> <p>As a dedicated lime processing facility, the Limery is unique in Wairoa, and is NZ's only fully integrated on-site citrus facility. The Limery is a potential catalyst for the Wairoa District with the number of growers increasing (the applicant notes three new growers establishing plantings in FY2018).</p>		<p><b>We recommend that SROs:</b></p> <p>a) <b>Discuss</b> The Limery PGF application seeking a \$355,000 <sup>Commercial Information</sup>.</p> <p>b) <b>Note</b> The \$355,000 being sought will be used to expand the operational area for a larger juicing room, bottling, packing and storage space, the purchase and installation of new equipment and compliance costs associated with this expansion.</p> <p>c) <b>Note</b> that the overall costs of the project for its installation and first 18 months of operation is \$<sup>Commercial Information</sup>, and that these final project related costs will be verified as a <sup>Commercial Informatio</sup> <b>Commercial Information</b></p> <p>d) <b>Note</b> The Limery had accumulated <sup>Commercial Informa</sup> <b>Commercial Information</b> and that the business has been funded <b>Commercial Information</b></p> <p>e) <b>Support the recommendation to Approve</b> \$355,000 <sup>Commercial Informa</sup> subject to:</p> <ol style="list-style-type: none"> <li>An updated cash flow forecast incorporating latest demand projections</li> <li>Confirmation of Lime supply volumes to support the proposed expanded production facility</li> <li>Confirmation <b>Commercial Information</b> <sup>Commercial Information</sup> being non-disadvantageous to the applicant</li> <li>Ensuring the firm has robust project and risk management systems in place for the</li> </ol>	

It is expected the expanded processing facility will provide the necessary additional capacity for the district and act as a beachhead for this industry in the Wairoa district.

This model is well established in horticulture and the facility will offer toll-processing to all lime growers in and around Wairoa.

At present the Limery employs <sup>Commerc</sup> full time staff and offer casual seasonal work (up to <sup>Comme</sup> jobs). The expanded project also includes <sup>Com</sup>FTEs and associated costs.

Additional confidence in the processing facility expansion is witnessed with the applicant noting a <sup>Commercial Information</sup> contract <sup>Commercial Information</sup> ).

Last year <sup>Commercial Information</sup> were able to be manufactured.

The Limery has requested a \$355,000 PGF loan <sup>Commerc</sup>  
**Commercial Information**

**Commercial Information**

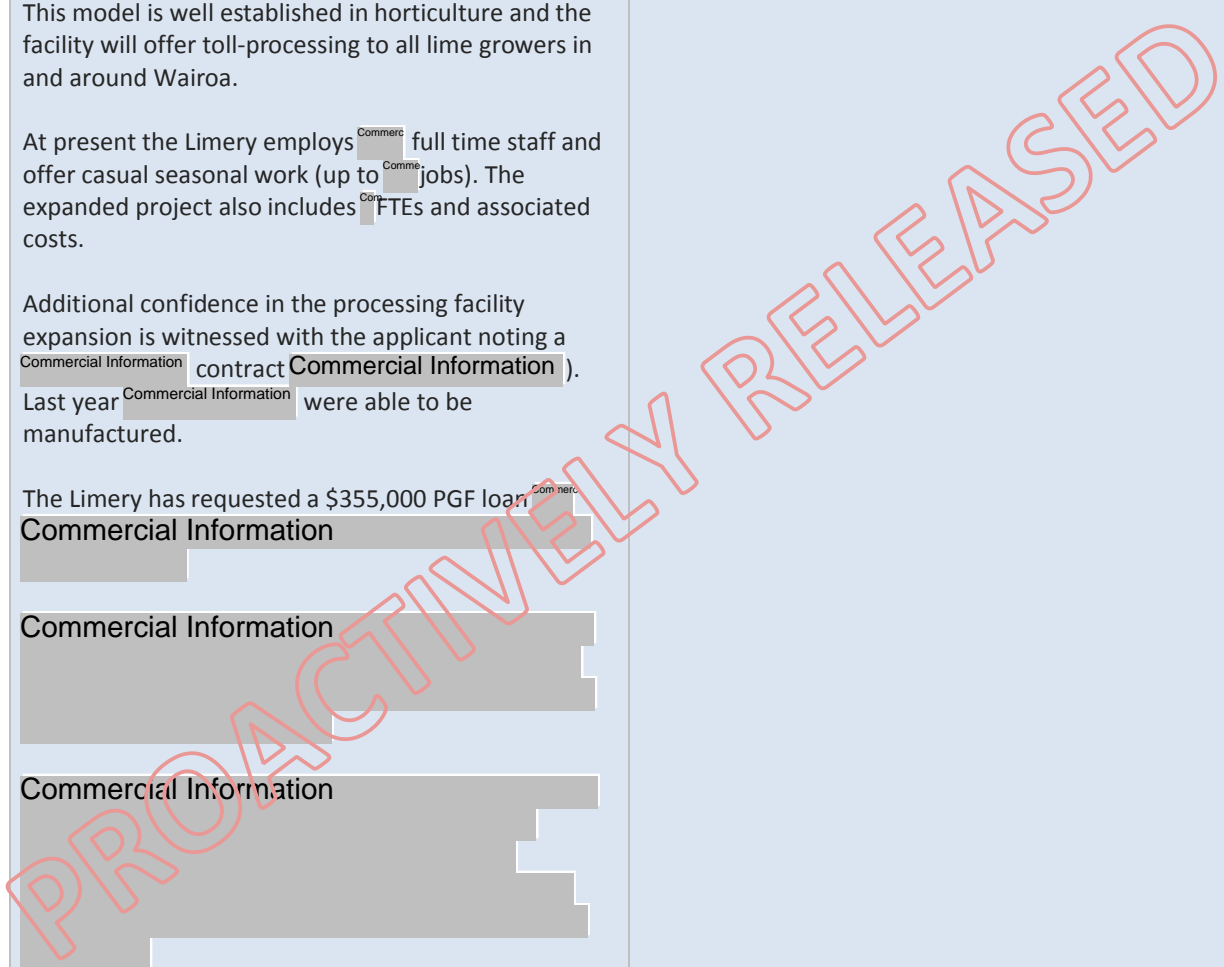
**Commercial Information**

MPI supports the Limery PGF application for funding subject to:

- An updated cash flow forecast incorporating latest demand projections and any PGF debt repayment commitments e.g. loan
- Confirmation of <sup>Commercial Information</sup> to support the proposed expanded production facility
- Confirmation <sup>Commercial Information</sup> <sup>Commercial Information</sup> being non-disadvantageous to the applicant

expanded operation

- v) Ensuring that the terms of the loan are consistent with NZ's existing trade policy and international obligations.



Commercial Information

Commercial Information

Te Puni Kokiri (TPK) has assessed the proposal, its comments include:

- TPK funded Lift Social Enterprise<sup>1</sup> Commercial Info from March to July 2018, to run a series of life skills programmes in Wairoa, to provide young unemployed job seekers with pathways to enter into training and work. Local employers including the Limery and its owner Paul Hyslop, engaged with participants on the programme outlining potential opportunities for rangatahi. The Limery has offered roles to students from Wairoa College in a “learn as you learn” capacity, which enables school leavers and final year students to achieve NCEA accreditation towards their education and future endeavours. Paul offered this as a pathway to learn and use this knowledge to create more great opportunities in the Wairoa District.
- By virtue of the population and demographic of Wairoa, this application will make a positive contribution to Māori Development.

**PGF criteria that this proposal supports:**

PGF Criteria	Assessment Commentary	Rating (1✓ to 5✓)
<b>Link with fund and government outcomes</b>		
Creates permanent jobs	<ul style="list-style-type: none"> <li>• The Limery currently employs <small>Com</small> FTEs and approximately <small>Com</small> seasonal staff. With the expansion planned there will be an increase of <small>Com</small> FTEs and additional seasonal staff.</li> </ul>	✓✓✓
Delivers benefit to the community	<ul style="list-style-type: none"> <li>• Increased training opportunities through the expansion. Currently The Limery conduct formal learning assessments for their staff and work</li> </ul>	✓✓✓

<sup>1</sup> <http://www.jmpconsulting.co.nz/jmp-team>

	experience candidates through the partnership they have formed with the Wairoa based EIT Horticulture Programme.	
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> <li>• Not evident</li> </ul>	
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> <li>• The Limery has expressed an interest in working with the council as a potential user of the <small>Commercial Information</small> <small>Commercial Information</small> has been approved for this use).</li> </ul>	✓✓
Mitigation of climate change effects	<ul style="list-style-type: none"> <li>• Not evident</li> </ul>	
<b>Additionality</b>		
Adding value by building on what is already there	<ul style="list-style-type: none"> <li>• The Limery's high value product and unique positioning supports Wairoa's overall exposure as a growing district with potential.</li> <li>• Enhanced capacity with task specific equipment will improve output and maximise demand opportunities.</li> </ul>	✓✓✓
Acts as a catalyst for productivity potential in the region	<ul style="list-style-type: none"> <li>• An enhanced locally branded juicing capacity will provide the Wairoa district with a viable, economically appealing alternative land use.</li> </ul>	✓✓✓
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>• Alignment to Matariki Hawkes Bay Regional Economic Development strategic intentions: <ul style="list-style-type: none"> <li>○ Identify and support existing businesses wanting to grow</li> <li>○ Promote greater innovation productivity and agility</li> <li>○ Improve pathways to and through employment</li> </ul> </li> </ul>	✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>• This proposal has strong regional support with letters of support from The Mayor of Wairoa District Council – Mayor Craig Little, Eastern Institute of Technology – Raewyn Foot (Wairoa Campus Horticulture Tutor), Wairoa College – Denise Eaglesome (Youth Co-ordinator – GATEWAY Administrator), Local Grower – Les Howard, Staff Letter – Emma Turner, Matariki Skills and Employment Sub-group.</li> <li>• Iwi/hapu support not evident</li> </ul>	✓✓✓✓
<b>Governance, risk management and project execution</b>		

Robust project management and governance systems	• Further information is required.	✓✓							
Risk management approach	• Further information is required.	✓✓							
Future ownership / operational management	• The Limery will own and run the expanded operation	✓✓✓							
<b>The purpose of this briefing is to consider recommending PGF funds to The Limery</b>									
<p><b>Risks Issues:</b> There is a risk with supplier availability for the juicing expansion as there are no confirmed lime volumes and supply. A cost over-run with the proposed timeframe may also impact on the delivery of this project, a detailed risk management plan has not been provided for the application.</p> <p><b>Eligibility points of note:</b></p> <ul style="list-style-type: none"> <li>• <i>Due diligence</i>:- Due diligence has been completed.</li> <li>• <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.</li> <li>• <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.</li> <li>• <i>Alignment with Regional development plans</i>:- see comments above.</li> <li>• <i>Commercial funding availability</i>:- The Limery</li> </ul> <p><b>Commercial Information</b></p>									
<b>Consultation undertaken or implications:</b>									
<b>Legal</b>	N/A	<b>HR</b>	N/A	<b>Finance</b>	N/A	<b>MBIE policy</b>	N/A	<b>Other</b>	MPI, TPK
<b>Supporting proposal:</b>		Yes							
<b>Appendices:</b>		Yes - Applications and supporting letters are as annexes							
<b>Sponsor(s):</b>		N/A							
<b>Manager/Author of paper:</b>		SH and AM, Investment Team							