

Riverland Fruit Company Ltd

Project overview

Name of the project	Riverland 'We Grow the People'
Region	Tairāwhiti
Tier and type	Tier 2: Sectors
Applicant	Riverland Fruit Company Ltd
Total project value	\$Commercial Information
Amount of funding sought from the PGF	\$1,993,488
Financial instrument	Loan
PDU recommendation	Approve

125. Riverland Fruit Company Ltd (Riverland) is seeking a mix of grant and loan funding to be allocated Commercial Information from the PGF to expand an orchard business based in Gisborne.

126. Riverland has sought funding from both the PGF main capex fund and Te Ara Mahi allocation for opex items associated with the training pastoral care.

127. The investment proposed in this application is seeking to put in place infrastructure that will enable full-time, year round employment to Commercial Information workers in this programme post its completion. This will be achieved via:

- Workers helping in the construction phases of the infrastructure builds, gaining skills whilst doing so such as concreting and carpentry

- **Commercial Information**

- Commercial Information

- Undertaking training in association with Eastland Institute of Technology (EIT) to upskill programme participants.

128. Riverland has begun working with NEETs and hard to place members of Tairāwhiti's workforce. The company has hired Commercial Information people with funding support from the Ministry of Social Development (MSD).

PDU recommendation

129. The PDU recommends that you approve Riverland's application as a \$1,993,488 million loan from the PGF, subject to:

- e. The approval of Riverland's Te Ara Mahi application by Regional Economic Development Ministers.
- f. Confirmation from the Ministry for Primary Industries on the budgets for capex items

g. A maximum fair value write down on the loan of \$^{Com}.

130. The PDU has recommended a higher rate of co-funding of \$^{Commercial Information} per cent) to meet the PGF criteria.
131. If the application is approved, the PDU anticipates funds will be available to Riverland within two months from the date of approval.
132. Funding has been recommended as a loan. The training component of this application, funded through TAM, will be undertaken via a grant. This will acknowledge the efficiency loss that will result in the short to medium term from employing ^{Comme} NEETs and hard to place workforce members and the 'social good' element of this application.

Local support

133. The proposal has been supported by the Tairāwhiti Economic Action Plan Steering Group.
134. The proposal aligns with the Tairāwhiti Economic Action Plan (TEAP), which prioritises increasing employment opportunities for its people and encourages investment in agriculture and horticulture as sectors of comparative advantage for the region.

Governance

135. Riverland is a family run business that has been successfully operating for over forty years. There is a succession plan in place and the applicant has noted no plans are in place to change the ownership of Riverland.
136. The applicant is running this programme with good systems in place to manage the additional requirements pastoral care and training requires.

Benefits

137. This programme is seeking to create a further ^{Comme} jobs on top of the ^{Comme} currently employed. The goal, while acknowledging there will be some attrition through the programme, is to create ^{Comme} new full-time jobs following the programme's completion.
138. The proposal has strong community benefits noting the jobs created are focused on NEETs and harder to place members of the workforce, also providing to their families, noting the strong pastoral care component of this application.
139. Results of this investment will come immediately following a contract, should it be signed, as Riverland is seeking to expand their programme with infrastructure investment requiring labour associated with this application.

Costs and funding sources

140. Riverland is requesting a total of \$^{Commercial Information} of PGF funding. This is broken down into:
- This application from the PGF capex fund (\$1,993,488); and
 - The Te Ara Mahi application (\$1,663,600) focused on opex and training.
141. This application does have one opex item, the ongoing fuel and maintenance of the vehicles at the cost of \$^{Commercial Informa}.
142. Riverland has hired and trained ^{Comme} people with \$^{Commercial Informa} funding assistance from the Ministry of Social Development. This has not been counted in the cost breakdown below.
143. The total cost of this project is valued at \$^{Commercial Information}, cost details provided below;

Project cost-break down

Item	Total cost (\$)	Cost per item	Number of items
Commercial Information	Commercial Information	\$ Commercial Information	x2
Commercial Information	Commercial Information	\$ Commercial Information	x2
Commercial Information	Commercial Information	\$ Commercial Information	x2
Commercial Information	Commercial Information	\$ Commercial Information	x2
Commercial Information	Commercial Information	\$ Commercial Information	x4
Commercial Information	Commercial Information	\$ Commercial Information	x4
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial initiatives			
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x2
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1
Commercial Information	Commercial Information	\$ Commercial Information	x1

\$ Commercial Information

Proposed TAM funding 1,663,600

Application Total Commercial Information

144. Commercial Information

PDU assessment of the project

145. This section provides an overview of PDU's assessment against the PGF eligibility and assessment criteria.

Assessment against PGF criteria

Criteria	Rating (1✓ to 5✓)	Comment
Sustainable regional economic development	✓✓✓✓	Tairāwhiti has a higher than average persistent section of the workforce that is considered to be long-term unemployed. The goal, while acknowledging there will be some attrition through the programme, is to create <small>Comme</small> new full-time on-going jobs following the programme's completion.
Productivity and innovation	✓✓✓	Although Riverland will ultimately seek an increase in productivity for their business, the stronger goal for the PGF is to see <small>Comme</small> NEETs and hard to place workforce members in training while earning, and, the creation of <small>Commerc</small> full-time roles post the programme.
Increased employment, training or work readiness for the sectors workforce	✓✓✓✓	This programme is seeking to create a further <small>Comme</small> jobs on top of the <small>Comme</small> currently employed. The goal, while acknowledging there will be some attrition through the programme, is to create <small>Comme</small> new full-time jobs following the construction completion.
NZ's ability to meet climate change commitments	N/A	
Māori aspirations for utilising land and other resources and achieving cultural objectives	N/A	
Additionality	✓✓✓	This programme was established by the applicant who is currently working with <small>Comme</small> people. This application is seeking to accelerate the expansion of this programme. The advantages of this model, and application, over a more traditional training course provider for

Criteria	Rating (1✓ to 5✓)	Comment
		unemployed peoples, are that it provides income/ employment for its participants while they undertake training.
Connections and alignment with regional priorities	✓✓✓✓	Strong alignment with regional priorities and has support from the TEAP Steering Group.
Environmental sustainability and/or productivity of natural assets	✓	Aspects of this application such as the vermicompost will recycle material previously processed to waste (landfill) but this is just one component of this application.

Agency comments

Ministry of Social Development (MSD)

146. MSD have noted that the proposal has five different parts - covering off priority areas for the Tairāwhiti. The employer has shown good linkages with other local providers across both social and economic areas.
147. MSD have advised that the projects link well into priority areas for central government such as One Billion Trees, environmental work through waste minimisation and supporting young people into employment.
148. The MSD Labour Market Manager has been working closely with this employer and is about to sign up a **Commercial Information** programme for **Comme** people (Which is one part of this application).

Ministry of Foreign Affairs and Trade (MFAT)

149. **Commercial Information**

150. **Commercial Information**

TPK

151. TPK has not been involved with this organisation or the application, **Commercial Information**

152. **Free and frank opinions**

153. **Commercial Information**

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Ministry for Primary Industries (MPI)

154. The proposal was presented to the MPI triage group. Regional official from MPI have been heavily involved in the proposal, working with the applicant, including contributing to the PDU assessment.

Risk assessment

155. Due diligence has been undertaken on the applicant and associated parties, with no issues found.

156. The PDU acknowledges that an additional risk margin is reasonably being factored into Riverland's calculation in making the infrastructure investments associated with this application. As such, the applicant is seeking an investment partner that can take a wider view of the value of placing the ^{Comme} workers into the business and, continuing to employ the ^{Comme} workers they are currently working with ^{Commercial Information} – a total of ^{Comme}.

157. The following risks have been identified:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
delivery	Workers do not continue to work at Riverland	Pastoral care. Riverland has worked with existing staff in this programme and ^{Comme} are still with the company	Med
delivery	Slippage in infrastructure construction due to inefficient workforce	Establish construction timeframes that incorporate additional time to account for training to be undertaken	Med/ high
delivery	Cost overrun	Fixed price contracts where necessary and contracting with the applicant to state overruns are to be met by Riverland	Low/ med
delivery	Expansion of the programme is too complex for the applicant to undertake	Riverland has expanded pastoral care supervisors from one to ^{Commercial In} in the budget. Additionally, training aspects are to be run in conjunction with Eastland Institute of Technology (EIT)	Low/ med

Recommendations and next steps

158. The PDU recommends that you approve Riverland's application as a \$^{Commercial Information} loan from the PGF, subject to:

- a. The approval of Riverland's Te Ara Mahi application by Regional Economic Development Ministers.
- b. Confirmation from the Ministry for Primary Industries on the budgets for capex items