



LeaderBrand

Project overview

Name of the project	LeaderBrand
Region	Tairāwhiti
Applicant	LeaderBrand Produce Ltd
Total project value	\$ <small>Commercial Information</small>
Amount of funding sought from the PGF	\$ <small>Commercial Information</small> – the applicant is seeking three tranches, one a year for three years of \$ <small>Commercial Information</small>
Financial instrument recommended	\$ <small>Commercial In</small> 15 million loan
PDU recommendation	Approve

176. LeaderBrand Produce Ltd (LeaderBrand) seeks \$ Commercial Information of PGF funding for the expansion of their business. They have requested three tranches of \$ Commercial Information once a year for three years will fund the purchase of 100ha of land in Matamata and the construction of up to 60ha of greenhouses in Gisborne.

177. LeaderBrand has undertaken a significant investment programme of \$ Commercial Information establishing a salad processing facility in Gisborne. The plant was built with continued expansion in mind, and as such, is currently operating at just over Comme per cent capacity. This application is an acceleration of LeaderBrand's investment programme, bringing it forward by two to three years, via two main projects:

- **Commercial Information** LeaderBrand currently leases to provide assurance for the ability to grow crops not well suited to Gisborne, and security of production in the event an major weather event affects Gisborne
- Establish Commercial In of greenhouses in Gisborne over a three-year development programme. This will mitigate against severe weather events likely to damage exposed crops, accelerate crop growth via better control of the growing environment, and reduce water and fertiliser use via computerised irrigation systems.

Agency comment

178. MPI supports the application in principle on the understanding that any loan arrangement is made on commercial terms and does not conflict with New Zealand trade policy.

179. From an initial look MFAT considers that in its current form it may be inconsistent with New Zealand's international obligations. MFAT will need to work with MBIE to provide advice to Ministers on the consistency of this proposal with New Zealand's international obligations and options to change the programme to reflect those concerns.



The PDU's recommendation

180. **Free and frank opinions**
 However, the PDU believes the establishment of greenhouses in Gisborne will also achieve this goal.
181. The PDU believes its role should be to provide LeaderBrand with an opportunity to test, with scale, their expansion assumptions by providing a \$^{Commercial Inf} 15 million loan to develop between 10-20ha of greenhouses in Gisborne. If the applicant's forecasts prove correct, LeaderBrand will be able to approach their bankers to complete the ^{Commercial In} with proven data.
182. A condition of the loan could also be to work with Aotearoa Social Enterprise Trust (ASET). ASET has applied to the PGF to expand their work placement program. ASET work with hard to place workers in Gisborne, providing them with the necessary skills to re-enter the workforce. The program has had good results and has won a work place contract with MSD. A strong aspect of ASET's work is growing produce and manufacturing food based products. An obvious synergy, and an opportunity to bring both applications together, exists.

Local support

183. The project has the support of Eastland Community Trust (ECT) and Activate Tairāwhiti.

Management and governance

184. LeaderBrand is an established produce grower and processor that has been operating for over forty years in Gisborne, and has outlined previous large scale investment projects they have taken.
185. LeaderBrand will continue to own the assets.

Costs and funding sources

186. LeaderBrand is seeking funding in three tranches, \$^{Commercial Information} once a year for three years. This comprises ^{Commercia} per cent of their total project value of \$^{Commercial Information}. The PDU recommends instead that the PGF provide a \$^{Commercial Inf} 15 million loan to develop between 10-20ha of greenhouses in Gisborne.
187. Although the applicant is seeking ^{Commercia} per cent funding, LeaderBrand has invested heavily in the business in the last three years via the development of the Gisborne processing facility \$^{Commercial Information} investment. **Commercial Information**

Benefits

188. This project is seeking to generate long-term high paying jobs, allowing workers to rise through the company. The investment in greenhouses leading to increased utilisation of the processing facility is estimated to bring up to ^{Comme} new FTEs/ PTEs.
189. The Tairāwhiti Economic Action Plan (TEAP) notes agriculture/horticulture is a priority in the region as the region has a competitive advantage in the sector.

PDU assessment of the project

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



Assessment against PGF criteria

Criteria	Rating 1 - 5	Comment
Sustainable regional economic development	✓✓✓✓	The company has a long history of job creation and community building in the region. This project is seeking to generate long-term high paying jobs, allowing workers to rise through the company. Leaderbrand states that they seek to promote from within so that new workers will have the opportunity to develop strong career pathways.
Productivity and innovation	✓✓✓✓	The introduction of greenhouses, and controlled irrigation and fertiliser regimes, is fast gaining traction in Europe. With climate change increasingly affecting crops due to more frequent adverse weather events, this model of production is seen as prudent. Indeed, high value ag/ hort crops, apples, tomatoes and salad greens are increasingly adopting this model to ensure productivity levels can be maintained, and indeed increased.
Increased employment, training or work readiness for the sectors workforce	✓✓✓✓	The investment in greenhouses leading to increased utilisation of the processing facility is estimated to bring up to <small>Comme</small> new FTEs/ PTEs.
NZ's ability to meet climate change commitments	N/A	
Māori aspirations for utilising land and other resources and achieving cultural objectives	✓✓	The applicant notes that up to 50 per cent of their work force is Māori. They further note they work with Māori land owners to lease land and have long-standing relationships with Māori in the



Criteria	Rating 1 - 5	Comment
		region.
Additionality	✓✓✓✓	The investment in greenhouses builds on a business that has been established in the region for over 40 years.
Connections and alignment with regional priorities	✓✓✓✓	The TEAP notes agriculture/horticulture is a priority in the region as the region has a competitive advantage in the sector.
Environmental sustainability and/or productivity of natural assets	✓✓✓	The applicant notes strong environmental sustainability in their application. This includes New Zealand being food resilient and reducing food miles by reducing imported produce (mainly from Australia).

Risk assessment

191. The following risks have been identified:

Type of risk	Mitigation
Ongoing water allocation is a risk. Gisborne is seeking to recharge the aquifer and water use and rights must be acknowledged as a risk.	A full risk / mitigation plan should be developed for the construction of the facility, should this application be successful.

Recommendations and next steps

192. The PDU recommends that a \$^{comment} 15 million loan is approved from the PGF towards LeaderBrand's investment programme for between 10 – 20ha of greenhouses in Gisborne. This would be subject to:

- Final project costings being developed by LeaderBrand, noting that New Zealand has two well established greenhouse manufacturers in Redpath and Harfords
- Assurance from the applicant that LeaderBrand has water rights sufficient to undertake the development of the full ^{Commercial In} programme



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- LeaderBrand works with ASET to find a solution that allows ASET to expand their working programme with hard to place Tairāwhiti persons.

PROACTIVELY RELEASED