



Whakatōhea Mussels Ltd

Project overview

Name of the project	Whakatōhea Mussels Ltd
Region	Bay of Plenty
Tier and type	Tier 2: Sectors - Aquaculture
Applicant	Whakatōhea Mussels Ōpōtiki Ltd (WMOL)
Total project value	\$ ^{Commercial Information}
Amount of funding sought from the PGF	\$9,850,000 grant and \$10,000,000 ^{Commercial Information} ^{Commercial Inf} by WMOL requested
Financial instrument recommended	\$850,000 grant funding for the refreshed business case An additional \$19,000,000 ^{Commercial Information} ^{Commercial Information} with \$10,000,000 to be held in escrow for the Whakatōhea Māori Trust Board and a commitment to let existing shareholders participate in the remaining \$9,000,000. This would be subject to the approved business case proving viable.
PDU recommendation	Approve

182. Whakatōhea Mussels Ōpōtiki Ltd (WMOL) are seeking a \$9.85 million grant and a \$10 million ^{Commercial Information} ^{Commercial Information}), to build a mussel processing factory in Opōtiki by the start of the ^{Commercial Information} ^{Commercial Information}).
183. There are three parts to the plan, with this application seeking funding for Stages One and Two:
- i. Stage One: Funding the acceleration of WMOL's mussel farming operations in the ocean
 - ii. Stage Two: Funding the building of a mussel grading and ^{Commercial Informat} ^{Commercial Informat} facility (creating ^{Comme} ^{Comme} jobs)
 - iii. Stage Three: Funding the scaling up of WMOL to support and service other mussel farming production by other growers.
184. Over the next ^{Commerci} ^{Commerci} years, WMOL intends to develop farming and vessel capacity in Ōpōtiki and potentially the Coromandel in order to produce the critical mass of mussels to build a mussel processing factory that will operate 12 months of the year and employ in excess of ^{Commercia} ^{Commercia} people (^{Commercial Information} ^{Commercial Information}). PGF funding would accelerate this by upscaling their operations to a level where it supports building an initial processing plant (employing approximately ^{Comme} ^{Comme} people).
185. WMOL's expansion will also support other aquaculture initiatives in the area, the Ōpōtiki harbour development and the Marine Industrial Zone. This application is one



part of a wider Eastern Bay of Plenty Aquaculture package that will accelerate the farming of mussels offshore, in deep water (30 metres plus), growing the employment base in Ōpōtiki and, in time, driving the viability of safe harbouring in Ōpōtiki.

186. This initiative has been developed as a derivative of the substantial investment made by the Crown and WMOL in the earlier Ōpōtiki Harbour feasibility work. During this earlier work WMOL funded (from their resources) \$ [Commercial Information] of work developing the plans for a larger processing facility (including processing frozen half shell mussels) at an estimated investment of \$ [Commercial Information].
187. Independent verification of the mussel farming opportunity was sought by MBIE from Aquaculture New Zealand and by MPI. This verification process shaped the staging of this application for accelerating some processing (grading and [Commercial Information]) and holding back other processing (frozen half shell mussels).
188. This proposal does not envisage building a frozen half shell processing facility. This capability will be fulfilled by underutilised capacity in [Commercial Information] in Tauranga. However, in time ([Commercial Information]), WMOL envisage building that capacity in Ōpōtiki in the Marine Industrial Zone.
189. A later application to the PGF can be expected to seek co-funding for growing the boat servicing capacity of the company and for building frozen half shell processing capacity when industry capacity is full in [Commercial Information] ([Commercial Information]).

Local support

190. There is support from the local Council (Ōpōtiki District Council), Bay of Plenty Regional Council, iwi (Whakatohea) and the Regional Leadership Group (three Mayors – Ōpōtiki District Council, Whakatane District Council and Kawerau District Council).

Governance

191. WMOL is an early stage company with a CEO with 40 years of experience in the mussel and seafood industries and an experienced board of directors. They have a clear strategy of creating a broad shareholder base, [Commercial Information]. They intend to anchor this strategy by providing Whakatohea the opportunity to become a cornerstone owner post treaty settlement.
192. Approval will be conditional on receiving an appropriate Governance model to the PDU's satisfaction.

Benefits

193. The proposal delivers benefit to the community through [Comme] permanent jobs, adds value by enhancing the aquaculture industry in the region and aligns with all of the regional (Bay of Plenty), sub-regional (Eastern Bay of Plenty) strategic plans

Costs and funding sources

194. The total project value for Stages One and Two is \$ [Commercial Information]. These are the first two stages of development that accelerate mussel growing in the ocean and on-land processing.
195. Stage One is seeking \$850k of grant funding to re-refresh the expansion and processing plant Business Case.



196. ^{Commercial Information} is seeking \$9 million of grant funding to be matched by \$10 million of ^{Co roia} **Commercial Information** for mussel lines and the processing plant CAPEX and OPEX. ^{Commercial Information}

PDU assessment of the project

197. This section needs to provide 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	✓✓✓✓	Significant stimulus for a community that sees the development of the aquaculture industry as their future. Leading the sector towards an estimated ^{Commercial Info} jobs.
Productivity and innovation	✓✓✓	The first significant step in one of the regions four identified catalytic sectors – it will be a step change in the direction of Ōpōtiki to becoming an aquaculture town.
Increased employment, training or work readiness for the sectors workforce	✓✓✓	Creates ^{Comme} permanent jobs in the first year by adding a sorting and Commercial Information , and provides the feeder application to ^{Commercia} further jobs from more boats and a frozen half shell processing facility in future. It also improves the viability of a number of other initiatives in the area.
NZ's ability to meet climate change commitments	N/A	
Māori aspirations for utilising land and other resources and achieving cultural objectives	✓✓	Increases mussel line rentals to Maori sea farm owners; nominal increase to Māori ^{com} per cent shareholder.



Criteria	Rating (1✓ to 5✓)	Comment
Additionality	✓✓✓✓	Increases the farming yield per hectare from \$ ^{Commercial Informa} to \$ ^{Commercial Information} through use of the grading facility and the value added processing; creates high social and economic value around the currently consent water space.
Connections and alignment with regional priorities	✓✓✓✓✓	Aligns with all of the regional (Bay of Plenty), sub-regional (Eastern Bay of Plenty) strategic plans – aquaculture and value added processing (^{Commercial Informat} are stated regional aspirations.
Environmental sustainability and/or productivity of natural assets	✓	Increases the utilisation of New Zealand's first open ocean sea farm from ^{Comme} per cent to ^{Comme} per cent of the consented space.

Agency comments

DOC

198. There was not enough information provided to give an assessment of DOC's potential interests and obligations under the Resource Management Act 1991 in the time allowed. As a result, DOC strongly advise ensuring DOC (and other agencies) are consulted as part of the Business Case phase.

Minister of Conservation comments

199. Free and frank opinions

199.

TPK

200. Free and frank opinions

200.



201. Through Whakatōhea Māori Trust Board, iwi have been engaged in this initiative and are supportive. TPK recommends connecting with existing workforce development initiatives in Ōpōtiki (e.g. the three He Poutama Rangatahi projects currently being funded) to get better connect between Māori workforce and the employment opportunities.

MFAT

202. Free and frank opinions



NZTA

203. There was not enough information provided to give an assessment of NZTA's potential interests in the time allowed. As a result, NZTA strongly advise ensuring NZTA are consulted as part of the Business Case phase.

MPI

Commercial Information



Risk assessment

209. The following risks have been identified:

Type of risk	Mitigation
Due to the accelerated rate of development, there is a risk that	Mitigation not identified.



Type of risk	Mitigation
<p>the production facility may not be completed as fast as anticipated and manufacturing jobs will not be created as quickly as indicated (by the start of the Commercial Information mussel season). Weather events may reduce the rate of line installation.</p>	
<p>Weak operating performance which appears to be a factor of the limited scale of operations potentially leading to liquidation. Should the relatively weak performance continue, existing shareholders may be expected to provide further support for expansion (which appears to be their chosen option) or to protect their existing investment and hopefully reach profitability. However, post receipt of the reviewed business case (incorporating the expansion) this would be clarified.</p>	<p>Approval of capex funding subject to refreshed business case being viable in the view of the PDU and MPI.</p>

Recommendations and next steps

210. The PDU recommends that you:

- a. Approve \$850,000 grant funding for a refreshed business case, and
- b. Subject to the refreshed business case proving viable in the opinion of the Provincial Development Unit and the Ministry for Primary Industries, and upon the company delivering an appropriate Governance model:
 - i. An additional \$19,000,000 with an Commercial Information [redacted], with \$ Commercial Information [redacted] to be held in escrow for the Whakatōhea Māori Trust Board, and a commitment to let existing shareholders participate in the remaining \$ Commercial Information [redacted].