



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Regional Development
Title of Cabinet paper	Addressing additional funding needs for Whakatōhea Mussels (Ōpōtiki) Limited	Date to be published	15 November 2024

List of documents that have been proactively released

Date	Title	Author
18 September 2024	Addressing additional funding needs for Whakatōhea Mussels (Ōpōtiki) Limited	Office of the Minister for Regional Development
18 September 2024	Addressing additional funding needs for Whakatōhea Mussels (Ōpōtiki) Limited - Investment Structure and Conditions	Office of the Minister for Regional Development
18 September 2024	Addressing additional funding needs for Whakatōhea Mussels (Ōpōtiki) Limited ECO-24-MIN-0197 Minute	Cabinet Office
23 September 2024	Addressing additional funding needs for Whakatōhea Mussels (Ōpōtiki) Limited CAB-24-MIN-0362.01 Minute	Cabinet Office

Information redacted

YES (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of commercial information, confidentiality, privacy of natural persons, and free and frank opinions.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Additional Funding for Whakatōhea Mussels (Ōpōtiki) Limited

Portfolio **Regional Development**

On 18 September 2024, the Cabinet Economic Policy Committee (ECO), having been authorised by the Prime Minister to have Power to Act:

Background

- 1 **noted** that in December 2021, ECO delegated to the Minister of Finance and the Minister for Regional Development the powers to make decisions on the use of future funding made available from funds managed by Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD), including the Provincial Growth Fund (PGF) [DEV-21-MIN-0257];
- 2 **noted** that Cabinet approval is required for any projects requiring over \$20.0 million of PGF funding [CAB-18-MIN-0045];

Whakatōhea Mussels (Ōpōtiki) Limited

- 3 **noted** that Kānoa – RD manages \$35.55 million of loan and equity funding from the PGF for Whakatōhea Mussels (Ōpōtiki) Limited (WMOL) to establish a mussel ocean farm and processing facility;
- 4 **noted** that:
 - 4.1 WMOL is part of a group of integrated projects in Ōpōtiki supporting the enablement of a sustainable aquaculture industry in the Eastern Bay of Plenty;
 - 4.2 Kānoa – RD manages \$164.34 million of investments (including WMOL) in Ōpōtiki and Eastern Bay of Plenty related to the establishment of the aquaculture industry;
- 5 Confidentiality [REDACTED]
- 6 **noted** Commercial Information [REDACTED]
- 7 **noted** that WMOL is therefore seeking \$16.50 million in additional funding from the Crown to support its capital raise;

Further Crown support for WMOL

- 8 **noted** that there are two viable options available for Cabinet decision:
- 8.1 Option One: Provide up to \$16.50 million equity investment funded by reprioritisation of surplus funds;
 - 8.2 Option Two: Provide no further capital funding to WMOL;
- 9 **noted** that the Minister for Regional Development recommends Option One (paragraph 8.1 above) as this provides the greatest benefits for the Crown in relation to this existing equity investment and is the pathway most likely to support profitability for WMOL in the future, with the beneficial outcomes of this option for WMOL being that it:
- 9.1 Confidentiality [REDACTED]
 - 9.2 reduces WMOL's interest costs through debt repayment;
 - 9.3 Confidentiality, Commercial Information [REDACTED]
 - 9.4 supports jobs and economic development in the area (the expansion of WMOL's ocean farms and increased processing capacity will likely lead to approximately [REDACTED] new jobs over the next three years);
- 10 **noted** that there are also key beneficial outcomes of this option for the Crown, being that it:
- 10.1 reduces the risk of WMOL seeking additional funding support from the Crown in the future;
 - 10.2 preserves the Crown's existing investments in the Ōpōtiki aquaculture industry;
 - 10.3 Confidentiality [REDACTED]
- 11 **noted** that a funding decision is required by the end of September 2024, Confidentiality [REDACTED]
- 12 **noted** that this will have direct impact on the Crown's \$35.55 million investment in WMOL, and flow-on impacts for \$128.79 million of integrated Crown investment in Eastern Bay of Plenty projects (\$164.34 million total), affecting around [REDACTED] employees (both directly and indirectly);
- 13 **noted** that with respect to the Crown's investment held by Crown Regional Holdings Limited:
- 13.1 Kānoa – RD Confidential advice to Government [REDACTED]
 - 13.2 Confidentiality [REDACTED]

- 14 **approved in principle**, subject to paragraph 17 below, up to \$16.50 million of equity funding from Kānoa – RD managed funds to WMOL from reprioritisation of surplus funding from the PGF and RSPF;
- 15 **noted** that up to \$^{Confidentiality} million from surplus funding from the PGF and RSPF has been identified as available to support this additional funding request;
- 16 **noted** that there are increasing trade-offs when considering existing additional funding requests against possible future, not yet known requests, and that the Minister for Regional Development has therefore directed officials to develop an enhanced approach to Kānoa – RD's reprioritisation process, including making the current reprioritisation process more rigorous;
- 17 **invited** the Minister for Regional Development to report back to Cabinet on 23 September 2024 to seek agreement to an investment structure and investment conditions.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Christopher Luxon
Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Todd McClay
Hon Tama Potaka
Hon Melissa Lee
Hon Penny Simmonds
Hon Chris Penk
Hon Nicola Grigg
Hon Andrew Bayly
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Bishop
Office of Hon Erica Stanford
Officials Committee for ECO