

## Contents Page: Martin – McGuinness Institute

All written comments received on the MPI salmon relocation proposal, grouped according to surname/business/organisation/lwi name.

<b>Written Comments Number</b>	<b>Last Name</b>	<b>First Name</b>
470	Martin	Christine
153	Martin	Nick
251	May	Helene
18	McAnally	Lily
186	McConchie	Russell
537	McCowan	Jemma
109	McFadyen	Shirley
63	McGregor	Dion
520	McGregor	Denver
464	McGuinness Institute	

## Written Comments No: 0470

Subject	<b>Salmon Farm IMG_20170326_0001_NEW.pdf</b>
From	[REDACTED]
To	aquaculture submissions
Sent	Sunday, 26 March 2017 1:01 p.m.
Attachments	<<Salmon Farm IMG_20170326_0001_NEW.pdf>>

Sent from [Mail](#) for Windows 10

## Written Comments No: 0470

To: Salmon Farm Expansion  
Ministry for Primary Industries  
Private Bag 14  
Port Nelson 7042

Email to:  
[aquaculture.submissions@mpi.govt.nz](mailto:aquaculture.submissions@mpi.govt.nz)

### Submission on proposed use of Section 360A of the RMA to allow massive expansion of salmon farming in the Marlborough Sounds.

Name of Submitter in full CHRISTINE MARTIN  
Address [REDACTED] RANGLORA 7400

Email [REDACTED]

Telephone (day) [REDACTED] Mobile [REDACTED]

<input checked="" type="checkbox"/>	I am against the whole Ministry for Primary Industries (MPI) proposal for "Potential Relocation of Salmon Farms in the Marlborough Sounds"
<input type="checkbox"/>	I would like to speak to my written submission at a public hearing in <u>APRIL</u>
<input type="checkbox"/>	I do not want to speak to my written submission at a public hearing

To the Marlborough Salmon Farm Relocation Advisory Panel and Minister Nathan Guy:

I am writing to express my dismay about Minister Nathan Guy's proposal to overrule the Marlborough District Council's (MDC) plan and allow for up to six new salmon farms in areas prohibited for aquaculture in the Marlborough Sounds.

The MDC's State of the Environment Report 2015 noted that:

- The Marlborough Sounds biodiversity is NOT in good shape.
- The issues include: fewer fish, not as many species, serious loss of biogenic habitats, sedimentation in estuaries and biosecurity incursions.

The Marlborough Sounds needs proposals for protection and restoration of its natural environment and marine ecosystem, **NOT** proposals for further exploitation and degradation such as this one. It is submitted that the aim of this MPI proposal, thinly disguised as salmon-farming relocation, is in fact a proposal for the massive expansion of salmon farming in the Waitata Reach area of the Pelorus Sound.

If successful it will mean a cluster of 7 farms in Waitata Reach. It will mean 2 to 3 times more waste discharge spread over a wider footprint. It will mean greater adverse cumulative impacts on the water column. The Marlborough Sounds needs, we submit, more extensive Marine Reserves, **NOT** more Salmon Farms on an industrial scale as is now proposed by MPI and King Salmon.

#### ***The Board of Inquiry drew the limits***

In 2012 King Salmon applied for nine new salmon farms in areas prohibited for salmon farming via a Board of Inquiry process. They were ultimately allowed three farms. The Board of Inquiry, and then

## Written Comment No: 0153

Subject	<b>Salmon farms</b>
From	[REDACTED]
To	aquaculture submissions
Sent	Wednesday, 8 March 2017 5:01 p.m.

I would like to give my full support to the relocation of all of the salmon farms. I believe not only will this improve the overall efficiency of the said farms but will also result in increased job prospects for Marlborough.

Signed

Nick Martin

former owner of Pelorus Mail Boat.

Sent from Huawei MediaPad

# Written Comments No: 0251

Subject	
From	
To	aquaculture submissions
Sent	Friday, 17 March 2017 1:09 p.m.

To: The Salmon Relocation Advisory Panel

My name is Helene May, Customer Service Representative, NZ King Salmon.

I support the potential salmon relocation process being proposed by MPI because I believe the salmon farm relocation will provide for better environmental, social and economic outcomes.

I understand that by relocating farms from lower water flow sites to higher water flows sites fish performance will improve and therefore the health of the salmon. It will also have a lower level of effect on the seabed which will have positive environmental benefits.

Environmentally, adopting the Best Management Practice guidelines that were agreed by the Council and community is the future for aquaculture globally.

There will be more direct and indirect jobs created if this proposal goes ahead resulting in economic improvements for the communities in the top of the south.

Moving some farms away from baches to more remote locations will improve social amenities which is also a good thing especially from a navigation viewpoint.

**I would not** like to be heard by the hearings panel.

--

Helene May, *Customer Service Representative*

 New Zealand King Salmon



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# Written Comment No: 0018

Subject	Marlborough salmon relocation
From	[REDACTED]
To	aquaculture submissions
Sent	Friday, 17 February 2017 4:09 p.m.

To Whom It May Concern.

I am writing to voice my opinions on the recent NZKS Marlborough Salmon Relocation that is being considered by MPI. I am a new employee of NZKS, my position is Marketing Assistant to North America. As a new resident of New Zealand and originally from the States, I appreciate the democratic process reviewing this proposal. My personal interest is to not only make NZKS a more lucrative business, but to preserve our incredible environment here in NZ, which is one of the main reasons why I was so drawn to living here. I think this salmon relocation will benefit the environment, help to create more jobs within NZKS by allowing us to grow more salmon, and continue to bring positive global attention to New Zealand.

So much of our business abroad is based on our unique geography and clean environment, ensuring our salmon are of super premium quality. I think this relocation of salmon farms in the Sounds is a fair ask and will only help to keep our waters clean by lessening the load of salmon waste on one location. It will also be of benefit to those who do not want to see our salmon farms, by moving them further away from communities in the Sounds. By moving our salmon farms to cooler locations with faster currents, we can grow better fish. This will ultimately allow us to better the communities around us, by creating more jobs in Picton/Blenheim as well as Nelson, Tentburn, Takaka and Auckland. Furthermore, our salmon being healthfully raised in some of the world's most beautiful waters glorifies the New Zealand story to the rest of the world, encouraging tourism and our economy.

I agree with the statement on the MPI: 'This proposal provides for industry growth through more efficient use of marine farming space, rather than creating additional new space.' We are not asking for much more, but hoping to be given the opportunity to do our job better. We are here to support our local community, spread the praises of New Zealand worldwide and deliver the best King salmon products possible. If you have any further questions, please do not hesitate to contact me. I would be open to speaking with the advisory panel. Thank you for your time.

Sincerely,

Lily McAnally  
Marketing Assistant – North America  
New Zealand King Salmon

[REDACTED]  
[REDACTED]

Warm Regards,

Lily McAnally, *Marketing Assistant - North America*

 New Zealand King Salmon

# Written Comment No: 0018

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# Written Comment No: 0186

Subject	<b>Submission Doc.</b>
From	[REDACTED]
To	aquaculture submissions
Sent	Monday, 13 March 2017 8:26 a.m.
Attachments	<<Submission.pdf>>

Hi,  
Please accept this submission on Salmon farm expansion.  
Regards Russell

**Russell McConchie.**  
**Senior Structures Laboratory Manager/Technician,**  
**Department of Civil Engineering.**  
**University of Canterbury,**  
**Ilam 8140**  
[REDACTED]

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**Submission on proposed use of Section 360A of the RMA  
to allow massive expansion of salmon farming in the Marlborough Sounds**

Name of Submitter in full	Russell John McConchie		
Address	[REDACTED] Kenepuru Sound, Marlborough.		
Email	[REDACTED]		
Telephone (day)	[REDACTED]	Mobile	[REDACTED]

<input checked="" type="checkbox"/>	I am against the whole Ministry for Primary Industries (MPI) proposal for "Potential Relocation of Salmon Farms in the Marlborough Sounds"
<input type="checkbox"/>	I would like to speak to my written submission at a public hearing in [REDACTED]
<input checked="" type="checkbox"/>	I do not want to speak to my written submission at a public hearing

**To the Marlborough Salmon Farm Relocation Advisory Panel and Minister Nathan Guy:**

I am writing to express my dismay about Minister Nathan Guy's proposal to overrule the Marlborough District Council's (MDC) plan and allow for up to six new salmon farms in areas prohibited for aquaculture in the Marlborough Sounds.

The MDC's State of the Environment Report 2015 noted that:

- The Marlborough Sounds biodiversity is NOT in good shape.
- The issues include: fewer fish, not as many species, serious loss of biogenic habitats, sedimentation in estuaries and biosecurity incursions.

The Marlborough Sounds needs proposals for protection and restoration of its natural environment and marine ecosystem, **NOT** proposals for further exploitation and degradation such as this one. It is submitted that the aim of this MPI proposal, thinly disguised as salmon-farming relocation, is in fact a proposal for the massive expansion of salmon farming in the Waitata Reach area of the Pelorus Sound.

If successful it will mean a cluster of 7 farms in Waitata Reach. It will mean 2 to 3 times more waste discharge spread over a wider benthic footprint. It will mean greater adverse cumulative impacts on the water column.

The Marlborough Sounds needs, we submit, more extensive Marine Reserves, **NOT** more Salmon Farms on an industrial scale as is now proposed by MPI and New Zealand King Salmon (NZKS).

***The Board of Inquiry drew the limits***

In 2012 NZKS applied for nine new salmon farms in areas prohibited for salmon farming via a Board of Inquiry process. They were ultimately allowed three farms. The Board of Inquiry, and then the Supreme Court, made a number of very important findings, which, it is submitted; this proposal is attempting to ride rough shod over.

It is submitted that this is a blatant attempt to try and achieve for NZKS what it failed to get last time around. This time it is being done under the cloak of a relocation scheme. It is submitted that this is a relocation is factually wrong. Two of the salmon farms to be "relocated" do not in fact exist – there has been no salmon farming on the sites for at least five years.

# Written Comment No: 0186

Once again, MPI and NZKS are trying to put new salmon farm sites into outstanding natural landscapes and, it is submitted, ignoring the legal requirements of the New Zealand Coastal Policy Statement and the adverse cumulative impacts on the this iconic landscape.

This proposal, we submit, ignores the Board of Inquiry finding a threshold limit of two new farms in the Waitata Reach and that the Environment Court subsequently echoed this.

## *The best Place for Salmon Farming?*

The existing NZKS operations are suffering from regular (4 in the last 5 years) unusual mortality events. There is a Controlled Area Notice under the Biosecurity Act in place as a result. Pathogens new to NZ have been discovered in the dead salmon.

We submit that the science shows that 17 degrees Celsius is the maximum sustainable temperature for salmon farming, above this trigger the fish become stressed and vulnerable to disease. MDC records show that the Waitata Reach of the Pelorus Sound has summer seawater temperatures exceeding 17 degrees for long periods. These adverse environmental factors combined with poor management practices is, we submit, demonstrated by these regular significant salmon mortality events.

Instead of allocating clean unspoiled water space for new farms and closing old farms, real pressure should be put on NZKS to operate these existing farms in accordance with Best Management Practice Guidelines. It can be done we submit.

Rather, MPI and NZKS seem to be arguing that the prospect of more jobs and profit justifies ignoring adverse cumulative environmental effects in this iconic public space. This so called MPI report is, we submit, paid for by NZKS using an expert who has a history of working for that company. A truly independent review of this report will, like last time, we submit, show these claims are greatly inflated.

This approach quite wrongly, we submit, gives no credence to the adverse impacts on; endangered species such as the King Shag, recreational users, navigation issues, tourism, and struggling nearby scallop beds.

Other Comments:

I agree with all these comments above. I have witnessed first hand the effects of "muscle farming" in Kenepuru over the last 30 years and it is not good. Do not let Salmon farming do the same thing.

***Conclusion: This proposal is fundamentally flawed, environmentally unsustainable and should not proceed!***

# Written Comment No: 0537

Subject	<b>Marlborough Salmon Farm Relocation - Submission from Jemma McCowan</b>
From	<a href="#">Jemma McCowan</a>
To	aquaculture submissions
Sent	Monday, 27 March 2017 4:14 p.m.
Attachments	<<SKMBT_C25317032714500.pdf>>

Hello,

Please find attached below my personal submission. My contact details are below, and I would like to request the option to be heard by the panel.

Regards

Jemma

*Jemma McCowan, General Manager Marketing*



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----- Forwarded message -----

From: [REDACTED]  
Date: 2017-03-27 15:50 GMT+13:00  
Subject: Message from KMBT C253  
To: [REDACTED]

# Written Comment No: 0537

## Personal Submission to Marlborough Sounds Salmon Farm Relocation Consultation

Jemma McCowan

 Nelson 7011

Please find below my personal submission in favour of the proposed salmon farm relocation in the Marlborough Sounds. I support the relocation of all six salmon farms, and I wish to have the option to be heard at the panel hearings following the submission period.

### Why do I support the opportunity for relocation?

I've been General Manager Marketing at NZ King Salmon for the last 5 years, responsible for all our brands, as well as marketing and community projects, and a member of the Senior Leadership Team. This role is what tempted me back from a London business development career of 12 years. I relocated to Nelson to develop and launch our flagship foodservice brand, Ora King. After my time abroad, I had some scepticism around finding stimulating and relevant career progression opportunities in New Zealand's food industry, and was quite surprised to be offered such a role in the Top of the South. Considering the opportunities I've had with the company to develop and lead innovative brands supplied worldwide, I doubt that any other role in the region would have lured me here, or that any other role would give me the compelling reasons to remain in the region. I have family in the North Island, and a partner based in Christchurch (as he couldn't find the right level of work in the Top of the South region), so I commute to maintain my personal relationships. As much as I enjoy the scenery and the environment we live in, the job has to be rewarding enough and offer growth to remain here.

In my life, I've lived abroad at various times – firstly with my family in Malaysia and the Philippines following the path of my father's civil engineering career, and secondly as an adult living in the United Kingdom. I've travelled widely in Europe, Africa, Asia and the Middle East – both personally and for business. I've worked in seafood, specifically aquaculture, since 2009, and had the opportunity to visit a variety of aquaculture facilities in Australia and Scotland, as well as interacting with the European seafood industry. There are many beautiful places in the world where aquaculture is found, and New Zealand is one of them.

I was excited to move home to NZ with a challenge to deliver for a new business, to live in the beautiful South Island, and to work with such a desirable seafood product. On my move to Nelson, I knew I was joining a Kiwi company in a compelling industry, with great opportunities and a wide variety of interesting people to work with, but I also realised I'd been naïve about some attitudes to salmon farming in the region. I arrived just after the EPA hearings and couldn't believe the lack of perspective with regard to aquaculture in our region, and the airtime a few individual loud voices were given by the local press to put forward individual opinions, not necessarily based on fact. The often poorly-informed attitudes to aquaculture in New Zealand are disappointing compared to what I've experienced in other countries.

We live in a beautiful part of the world, and we should keep it that way. However, I consider myself pragmatic and well-informed of various challenges in today's society, and I do not believe the advent of aquaculture is our big issue. In fact, aquaculture in my view is part of the solution. I'm aware of plenty of greater problems that I've seen in the world than aquaculture carried out in a highly

## Written Comment No: 0537

regulated, relatively small scale way. I've encountered plastic rubbish interspersed with human faeces on so-called tourist beaches in the small Pacific nation of Kiribati – a victim of the modern world which promotes consumption and a disposable society, where the old traditions of disposing of previously biodegradable household rubbish in the sea has backfired so it's just plastic, plastic everywhere. I've seen towns in Central Asia with open rubbish tips on every street corner. I've encountered terrorism in London, and the crime and drug culture which has developed in the Northern Hemisphere. Let alone, the growing drug and poverty problems in NZ's society.

The people who work for King Salmon, and those who are our partners and suppliers have the opportunity to live here comfortably as a result of the strong business opportunity through our thriving business. Our people enjoy their jobs, the environment we work in, and are good people with a dedication to the business we have. I believe that aquaculture with its small environmental footprint is a great option for a region which will struggle to keep its young people here, unless businesses provide stimulating career options with steady wages.

I don't believe the presence of aquaculture is detrimental to the region. Our customers desire our salmon around the world, appreciate our environment, and appreciate our care for it. They ask tricky questions about how we run our business that we must answer. Those who are involved in any sort of food production are well aware of the impact on the environment they work in, and the need to protect that environment by managing impact carefully. With a growing population, growing urbanisation and growing demand for protein, as humans, we are the greatest impact of all.

There is also a distinct lack of context and perspective in the local opposition to aquaculture. 17 hectares of sea water space. And what a battle that has been. There are lifestyle blocks bigger than our farms' combined total. And land-based farmers with other great protein and produce all round Marlborough of much more significance size-wise. We are a small salmon producer on the world scale, and as a proportion of the Sounds, remain a small footprint. We bring visitors to the Sounds all the time, and I challenge them to spot the salmon farms as we proceed through the Sounds by water taxi. They are not obvious to passing traffic unless a close approach is made to the farm.

I'm fascinated by the science in this industry, and by what we have yet to discover. I've seen food systems and attitudes to food around the world, and I believe the attitudes towards new ways of producing food need to change. There's a raft of inadequate information, dated perceptions and blatant untruths in the public domain – particularly social media - about food production, including salmon aquaculture. Sensationalism and scare stories about food production seems to count more than the science and the facts.

I love the sea – I'm a leisure diver, grew up as a water baby swimming from the age of 2, and love the kai moana that originates from the sea. But I don't see the sea as only for recreation. Just as we use the land for farming, we should use the sea judiciously for the same. You don't see humans consuming wild chicken, pork and beef, so why should we expect to eat wild fish all the time – it's a luxury that we can't afford to squander. And is it truly healthier, more sustainable, more traceable to eat wild fish? Not in many cases.

We've all seen buildings deemed inappropriate for human habitation as issues are discovered in the land the building is built on, or the building materials themselves. Why would we stick with older

## Written Comment No: 0537

sites that were selected based on insufficient knowledge thirty years ago? We're just kidding ourselves.

There's a better way and a chance to proactively set the scene for the best management of new sites, and the remediation of the old no longer considered suitable for salmon farming. We expect the regulator to set the standards with which we farm to, and we should abide by those – and in my view aspire to standards beyond the regulations set. But leaving us to operate in sites which are agreed to be less than desirable for salmon farming makes no sense whatsoever.

There is an argument for leaving us to farm these sites and possibly even forcing a reduction in production (or in some cases not even full time production) to comply with the new guidelines. I see this as detrimental to the progression of the company and the sustainability of the community. It could even damage brand New Zealand in the salmon category in NZ. Our restricted growth has already opened the door to an imported, thawed salmon in supermarkets. Why are we giving our local business away to imported product? This could happen more if we cannot grow to service all markets demanding our great product.

My role is to champion the brands we produce and tell our story through those brands. It could be cynically viewed as "running the PR machine", or my role could be viewed as giving one of NZ's most prized seafoods a stronger voice in NZ and around the world to bring value back to our country. I prefer the latter. I'm not here to communicate untruths, telling the truth is part of my personal set of values, but also I believe, part of the company's set of values.

We tell the story of our salmon, our people and our environment. It is not hard to tell a powerful story when the ingredients are so impressive. If we were perceived by our customer base as telling an untruthful story, the damage to the brands would be significant. It is in our best interest for not only our salmon, but also our people and our story to get our farming right, and look after our environment so we can continue to thrive and grow as a business.

I'm proud of the New Zealand King Salmon business and I'm proud to represent our brands and our wonderful salmon in the food industry. As a newcomer to this region – because of the job – I've bought my own house, brought international friends and family to the region to show it off, and I've also enjoyed building networks and connections in this community in the Top of the South – and I would like to continue building these relationships.

I want to see our business grow, and be able to continue to grow my own career with the business, and keep employing new talent. To achieve this means we must have the best possible water space to produce the highest quality of salmon.

Regards



Jemma McCowan

Relocation of Salmon Farms in Marlborough Sounds

My name is Shirley McFadyen and I have worked at NZKS for 8 years. I would like to see the salmon coming through the factory more consistent in quality and preferably more towards the high end of the quality scale. For this to happen I think we need to move the 6 farms to faster flowing water. This move will also give me job security for years to come. Top quality salmon will lead to more sales and more jobs. It is a win win situation. With the move of the farms giving our fish a better life it will also improve the water quality in the sounds and will provide sustainability for aquaculture for the future.

Shirley McFadyen

PH: 

  
22/2/17.

Relocating Salmon farms in the Marlborough Sounds.

Dion McGregor



I think the farms should be moved to high flow sites because the salmon will be healthier and the water in the areas the farms are in now will become cleaner without fish waste sitting on the seabed. We will be able to have more fish in the farms without damaging the environment and that will provide more jobs. And it will keep my job secure.

*DR McGregor*

Subject	<b>Farm relocation proposal submission</b>
From	<a href="#">Denver McGregor</a>
To	aquaculture submissions
Sent	Sunday, 26 March 2017 10:32 p.m.
Attachments	<<Submission for relocation.docx>>

Hello,  
Please find attached my submission

Kind Regards  
Denver

--

**Denver McGregor**, *Quality Manager (Quality, Compliance & Market Access)*



[Redacted] | W: [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz) | A: 10-18 Bullen St, Tahunanui,  
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# Written Comment No: 0520

Salmon Farm Relocation

Ministry for Primary Industries

Private Bag 14

Port Nelson

aquaculture.submissions@mpi.govt.nz

To: The Salmon Relocation Advisory Panel

## **Denver McGregor/New Zealand King Salmon/Quality Compliance Manager**

I support the potential salmon relocation process being proposed by MPI because I believe the salmon farm relocation will provide for better environmental, social and economic outcomes.

Aquaculture will be needed to feed our future generations. It would be foolish to think otherwise given the reality of growing populations and stretched food based resources.

Therefore we need to co-exist while continuing to improve our environmental footprint. In this case "dilution is part of the solution" and this proposal allows the best chance for this given the current technology available to farm King Salmon safely and sustainably.

I've worked in the Seafood Industry for the last 25 years and over this time seen the industry improve its environmental footprint as advances are made. Examples being the introduction of one of the first quota management systems in the world, netting technology to reduce accidental bird catch. This MPI proposal is no different in being a step in the right direction!

The industry has grown up and grown with the times. We are well aware of our responsibilities and we're brought up in a beautiful country. It's in our DNA and we know we've got something special. Taking this all into account and the compliance that goes with any new farm or relocation I have no environmental concerns.

This continues to be an exciting industry which is still relatively young and I look forward to the next generation (our children) coming through and adding their part to a sustainable footprint.

Like with any improvements they need to present a better position. I've seen no evidence suggesting this proposal won't deliver a better outcome for the fish and the environment.

I would prefer the mid channel proposed farm be moved from the centre of the channel for navigational safety purposes. If it is to remain in this spot I would expect all practical steps are taken to ensure it is well light up and not camouflaged.

Lastly what is being proposed here is purely commonsense, surely as the guardians of our future we don't lose this?

I **would not** like the opportunity to be heard by the Advisory Panel

## Written Comments No: 0464

Subject	<b>McGuinness Institute Submission on the Potential Relocation of Salmon Farms in the Marlborough Sounds</b>
From	[REDACTED]
To	aquaculture submissions
Cc	Wendy McGuinness
Sent	Monday, 27 March 2017 4:47 p.m.
Attachments	<<20170327 4.30 McGuinness Insitute Potential Relocation of Salmon Farms in the Marlborough Sounds submission.docx>>

Good evening,

### **Submission on the Potential Relocation of Salmon Farms in the Marlborough Sounds**

Thank you for this opportunity to submit on this proposal. Please find attached the *McGuinness Institute Submission on the Potential Relocation of Salmon Farms in the Marlborough Sounds*.

If we make amendments to our submission, we will send you the latest version of our submission when finalised.

In addition, we would like to speak to our written comments at the public hearing. We still have a few issues to resolve around the PwC report and we will follow up again in more detail tomorrow.

If you have any questions please do not hesitate to contact me.

All the best,

[REDACTED]

Note from MPI, 7/08/2017

The following is a replacement written comment from the McGuinness Insitute. The original written comment is still available upon request. Please contact [aquaculture.submission@mpi.govt.nz](mailto:aquaculture.submission@mpi.govt.nz)

Subject	<b>McGuinness Institute Submission on the Potential Relocation of Salmon Farms in the Marlborough Sounds</b>
From	[REDACTED]
To	aquaculture submissions
Cc	Wendy McGuinness
Sent	Monday, 27 March 2017 4:47 p.m.
Attachments	<<20170327 4.30 McGuinness Insitute Potential Relocation of Salmon Farms in the Marlborough Sounds submission.docx>>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Additional Note as at 16 May 2017**

Please note that 'draft' was added to the front page of the submission to indicate that its contents were still a work in progress and were not to be relied upon.

At the time submissions were due (27 March 2017), the Institute was waiting for answers from MPI to a significant number of questions and, from our perspective, the submission was not complete. For example, we were awaiting information on the live weight/gilled and gutted conversion factor and on financial information (we had not reviewed NZKS's documents prepared for the Offer Register as part of their process of going public; these were not included as part of the consultation documents on the MPI website). The dialogue was ongoing and we had not undertaken our final checks. It was for this reason that we did not publish our draft submission on our website.

We also requested MPI not to publish this draft submission on their website. The answers to many of those questions were forthcoming and have since been included in our Statement of Evidence. Hence the Statement of Evidence best represents our understanding of the proposal and can be treated as final, as all the checks and balances have been undertaken. The Statement of Evidence can be found at [www.mcguinnessinstitute.org/submissions](http://www.mcguinnessinstitute.org/submissions). However, we are still in dialogue with MPI and we have a small number of outstanding questions and Official Information Requests.

I have requested MPI to redact:

1. a sentence that does not make sense on page 3,
2. the names of Institute staff on the cover page and page 6,
3. the author of one report on page 9 (which was incorrect and is corrected in our Statement of Evidence) and
4. a paragraph that has a comma/decimal point issue on page 12, which adds unnecessary confusion.



Submission

Submission on the Potential Relocation of Salmon Farms in  
the Marlborough Sounds

27 March 2017 (Draft)

## About the McGuinness Institute

The McGuinness Institute was founded in 2004. The McGuinness Institute is a non-partisan think tank working towards a sustainable future for New Zealand. *Project 2058* is the Institute's flagship project focusing on New Zealand's long-term future. As a result of our observation that foresight drives strategy, strategy requires reporting, and reporting shapes foresight, we developed three interlinking policy projects: *ForesightNZ*, *StrategyNZ* and *ReportingNZ*. Each of these tools must align if we want New Zealand to develop durable, robust and forward-looking public policy. The policy projects frame and feed into our research projects, which address a range of significant issues facing New Zealand. In preparing this submission, the Institute has drawn largely on our projects *OneOceanNZ* and *ReportingNZ*.

## About the author

### Wendy McGuinness, Chief Executive

Wendy McGuinness wrote the report *Implementation of Accrual Accounting in Government Departments* for the New Zealand Treasury in 1988. She founded McGuinness & Associates, a consultancy firm providing services to the public sector during the transition from cash to accrual accounting from 1988 to 1990. Between 1990 and 2003, she continued consulting part-time while having children. Over that time she undertook risk management work for the public good. In 2002, she was a member of the New Zealand Institute of Chartered Accountants (NZICA) Taskforce which published the *Report of the Taskforce on Sustainable Development Reporting*. From 2003–2004 she was Chair of the NZICA Sustainable Development Reporting Committee. In 2004 Wendy established the McGuinness Institute in order to contribute to a more integrated discussion on New Zealand's long-term future. In 2009 she became a Fellow Chartered Accountant (FCA).

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## A: Introduction

Thank you for the opportunity to submit on this proposal. Please note, we would like to speak to our written comments at the public hearing. We might like to bring an expert witness.

The body of this submission document comprises two sections. Section A is this introduction and Section B contains answers to specific questions outlined in the feedback form provided by MPI.

The McGuinness Institute has been following New Zealand King Salmon Investments Limited (NZKS) since the 2013 Board of Inquiry decision to approve four of the nine new salmon farms they were seeking to establish.

Please also be aware that we met with Ministry for Primary Industries (MPI) staff and are currently awaiting information in order to complete a detailed response to this proposal. Once this information becomes available, we may want to make changes to our submission. Our area of key concern is the reliance on a PwC report and the review of that report undertaken by Ernst & Young. These concerns are covered in Appendix 1.

### **Appendix 1: Letter to the Minister of Primary Industries, Hon Nathan Guy**

The letter outlines issues with process, the lack of respect for local democracy, the failure for authors of documents that were prepared by MPI to include a statement of potential conflicts of interest, and the failure to undertake due diligence in terms of the content and assumptions underlying the Cabinet paper *Consultation proposal on potential relocation of salmon farms in the Marlborough Sounds*.

In preparing this submission we drew on two pieces of work evaluating NZKS as an example of a private company using public assets. This work fits under two of the Institute's projects: *OneOceanNZ* and *ReportingNZ*, which form part of our overarching Project 2058, primarily concerned with the long term stewardship of New Zealand. The publications are listed below. The full papers can be downloaded from our website via the links provided in the appendices.

**Appendix 2: *Working Paper 2016/02 – New Zealand King Salmon: A financial perspective***

**Appendix 3: *Working Paper 2013/01 – Notes on the New Zealand King Salmon Decision***

To further support our submission, we have included a number of graphs providing context.

**Appendix 4: Financial Statements Graphs**

**Appendix 5: Feed Discharge Graphs**

**Appendix 6: Production and Sales Graphs**

With significant and certain costs (high-probability and high-magnitude) in the form of the negative impacts of feed discharge, fish faeces and pens, decision makers should be looking for evidence of significant and certain benefits that exceed those costs. Adaptive management provides a mechanism for monitoring the costs but not for removing them completely. Therefore, this submission recommends 'Outcome Three: Not make regulations under section 360A and all existing lower-flow farms remain at their present location' from MPI Discussion Paper No: 2017/04 as the most desirable outcome for the Marlborough Sounds ecosystem and communities, and for New Zealand as a whole. In addition to this, there are a number of recommendations for better managing the social license of a private company using public assets included in the working paper attached as Appendix 2. Best practice includes an assessment of risks, costs and benefits. For a proposal to be evaluated, it requires these three characteristics to be detailed in terms of probability and magnitude over a specific time frame and a specific area.

We are in dialogue with MPI over the answer to a few more questions. We will try and resolve these before we speak in front of the submission hearing.

## **B: Answers to specific questions**

**Question 1: Do you think that up to six salmon farms within Marlborough Sounds should be allowed to relocate to higher-flow sites?**

No. This is due to a lack of accurate and complete information [REDACTED]  
[REDACTED]

**Question 2: Which of the potential relocation sites do you think are suitable for salmon farming?**

This is irrelevant as we do not consider the information or the process enables an informed decision.

**Question 3: Which of the existing lower-flow sites should be relocated?**

As above.

**Question 4: If you have concerns about particular sites, what are they and what could be done to address these concerns?**

As above.

**Question 5: Do you feel that there are potential benefits or costs of relocating farms that have not been identified?**

Yes. The costs of relocating farms have not been fully identified.

Specifically, the proposal only looks narrowly at the impacts of each possible relocated site and does not look at the overall impact on the Marlborough Sounds ecosystem. In Pelorous Sound, placing all farms in the main channel will form a significant obstacle. In Queen Charlotte Sound, the new site blocking off the entrance to Oyster Bay restricts access in the Tory Channel and will impact the marine mammal reserve in Cloudy Bay. It is our understanding that the Tory Channel is the main access point into the Marlborough Sounds for dolphins in the area.

The amount of feed the proposed sites would add in each sound is the area of impact on the overall ecosystem that is of most concern. This is the best indicator we have of pollution – the larger the amount of feed discharge the greater the level of water pollution. See Appendix 5 for the feed discharge graphs.

**Question 6: Are there rules, policies or conditions that you believe should be added? Please provide information to support any proposed new provisions?**

No. The relocation should not be allowed.

**Question 7: Provided that detailed standards and requirements are met, do you agree that salmon farming on the potential relocation sites should be a restricted discretionary activity?**

See above.

**Question 8: Do you agree that the overall surface structure area of salmon farms should not be increased?**

Yes, but this is not the most important consideration and can be misleading. Minimising the surface structure area is only beneficial in terms of preserving the visual integrity of the Marlborough Sounds ecosystem, it is not an indicator of actual reduced impact on the environment; the most important indicator here is feed discharge.

**Question 9: If the sites at the existing lower-flow farms (other than Crail Bay MFL032) are vacated, do you believe that marine farming should be prohibited in these sites or do you think that these sites should remain open to other types of aquaculture for aquaculture settlement purposes?**

Marine farming should be prohibited at these sites. Further, New Zealand King Salmon should bear the costs of returning these sites to their original condition prior to any aquaculture activity.

**Question 10: Given the multiple ownership at Crail Bay MFL32, if this site is relocated, should aquaculture be fully prohibited or should shellfish farming be allowed to continue?**

No. See above.

**Question 11: Do you agree with a staged adaptive management approach if salmon farming at the potential relocation sites proceeds?**

Yes, but this will not be enough to fully address the environmental costs of salmon farming in the Marlborough Sounds.

**Question 12: Is there any wording you agree or do not agree with in the proposed regulations?**

**Question 13: Are there any particular issues at the existing lower-flow sites that you would like to comment on?**

**Question 14: Which of the existing lower-flow salmon farms in the Marlborough Sounds do you think are a higher priority to relocate and why?**

**Question 15: Is there anything specific that you would like the Minister for Primary Industries to be aware of for any of these sites when thinking about the potential relocation proposal?**

**Question 16: Are there particular landscape or natural character values that you want to identify to the Minister for Primary Industries for any of the potential relocation sites?**

**Question 17: Are there other effects on landscape and natural character not outlined in the Hudson Associates or Drakeford Williams reports that you would like the Minister for Primary Industries to be aware of?**

**Question 18: Are there any further measures that you believe could be taken to reduce effects on landscape and natural character at the potential relocation sites?**

**Question 19: What are your thoughts on the potential water quality effects at the potential relocation sites?**

**Question 20: Are there ways in which the potential relocation sites should be developed to help avoid, remedy or mitigate adverse effects on water quality?**

**Question 21: Are there other effects on water quality that you would like us to be aware of?**

**Question 22: What further information would you suggest the Minister for Primary Industries collects on water quality effects in relation to the Tio Point site?**

**Question 23: What are your thoughts on the seabed effects at the potential sites?**

**Question 24: Are there ways to develop the potential sites to help avoid, remedy or mitigate adverse effects on the seabed at each site?**

**Question 25: Are there other seabed values or effects that you would like the Minister for Primary Industries to be aware of?**

**Question 26: Are there effects on pelagic fish that you would like the Minister for Primary Industries to be aware of?**

**Question 27: Are there effects on seabirds that you would like the Minister for Primary Industries to be aware of?**

King shags

**Question 28: Do any of the sites pose a greater risk to seabirds than other sites?**

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**Question 29: Are there marine mammals in the Marlborough Sounds that you think may be particularly impacted by this proposal?**

Hector's dolphins.

**Question 30: Do any of the potential sites pose a greater risk to marine mammals than other sites?**

Yes, all the Tory Channel sites. Adding a fourth to this narrow channel of water is a major concern.

**Question 31: Do you agree that there should be an independently audited Biosecurity Management Plan for salmon farming?**

**Question 32: What are your thoughts on the potential improvement in salmon health from the proposal? What about salmon welfare and husbandry?**

**Question 33: Are there particular navigational effects at any of the potential relocation sites that the Minister for Primary Industries should be aware of?**

**Question 34: What is your view on the Waitata Mid-Channel site from a navigational perspective, and the possibility of cruise ships or large superyachts using the area?**

**Question 35: Are there particular tourism and recreation values that you would like the Minister for Primary Industries to be aware of at any of the potential sites?**

**Question 36: What measures could be taken to remedy or mitigate effects on tourism and recreation values if salmon farms were relocated to these sites?**

**Question 37: Are there other heritage values that the Minister for Primary Industries should be aware of?**

**Question 38: Are there any other measures that should be taken to avoid, remedy or mitigate noise effects at any of the potential sites?**

**Question 39: Are there any other matters in relation to underwater lighting that you think the Minister for Primary Industries should be aware of?**

**Question 40: Social and community effects of the potential relocation proposal are wider than just residential amenity. What effects do you think there will be as a result of the potential relocation proposal?**

**Appendix 1: Letter to the Minister for Primary Industries, Hon Nathan Guy, 27 March 2017**

Hon Nathan Guy  
Minister for Primary Industries  
Parliament  
Wellington

Dear Minister,

**Marlborough salmon relocation**

This letter provides an overview of the McGuinness Institute's concerns about the process and content outlined in the *Consultation proposal for relocation of salmon farms in the Marlborough Sounds – Briefing paper* (November 2016) and the subsequent *Cabinet paper* (December 2016). Given the range of our concerns, those that directly relate to the above papers are discussed below. Issues that do not directly relate to these papers are discussed in the Institute's *Submission on the Potential Relocation of Salmon Farms in the Marlborough Sounds*, dated 27 March 2017. In the interests of not being repetitive, this letter also forms part of our submission as Appendix 1.

A high level of accountability is required if unique public assets such as water space in the Marlborough Sounds are to be placed in the hands of for-profit, foreign-owned companies such as NZKS. We would appreciate the opportunity to discuss our concerns with you at a time of your convenience (the contact person at the McGuinness Institute is [REDACTED] 04 4998888).

**Key Concerns**

**1. The use of Section 360A of the RMA 1991**

In five years the Crown has changed from treating a NZKS application. One treatment required a high level of due diligence, consultation and review under section 142 of the RMA 1991.<sup>1</sup> The other treatment required a set of regulations under Section 360A of the RMA 1991. The fact that these two proposals are being treated differently by the Crown within such a short time frame undermines the legislation and, in our view, erodes trust. The view that section 360A is being used as a backdoor sets the context for this proposal, for example, when did a proposal for relocation become 'nationally insignificant'? This proposal is about much more than the area of water space farmed; it is about the location of each farm (individually and together), the amount of feed discharge for each farm (individually and together) and thirdly the impact on the environment over the long term. We are unsure why this proposal has Crown support.

We have concerns about the resulting process: the costs, benefits and risks to the Crown, including the subsidy provided by the Crown if this proposal leads to a judicial review. These are discussed in detail below.

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<sup>1</sup> *Minister's Direction on NZ King Salmon's proposal* (November 2011). See <http://www.epa.govt.nz/Resource-management/previous/king-salmon/Pages/Minister's-Direction.aspx>

This view is further solidified when we look at the costs, risks and benefits.

## **(i) Costs to the Crown**

The Crown has undertaken a significant costs to progress this application.

Crown Costs: Existing and committed costs to date (2016 and 2017): \$1,000,000<sup>2</sup>

Crown Costs: Possible Future Costs for the Crown (2017): \$1,150,000<sup>3</sup>

Estimated costs to the Crown of this proposal: \$2,150,000

This excludes the costs to the Marlborough District Council to manage this proposal. The costs seem significant but have not been mentioned in the Economic Impact Assessment.

## **(ii) Benefits to the Crown**

NZKS has not paid tax for a number of years due to significant losses. The actual cash paid for taxation has only become apparent in the 2016 financial statements where the company has for the first time been required to publish a cash flow statement.

For 2015 it paid \$7,000 and for 2016 it paid \$1,002,000. This means in the last two years it has only contributed cash to the economy of \$1,009,000. When taking into account the estimated costs of this proposal, NZKS is a net taker from the Crown's accounts. We believe this is likely to continue in the short term, as these figures do not take into account the costs that will be incurred by the local council in managing and policing this proposal (if it is accepted).

Importantly, there is currently no cost recovery for water space; the Crown allows the water to be polluted but does not recover any revenue. This is like a farmer not owning the land, paying no costs to use the land and polluting the water way with no repercussions. We believe the business model is flawed.

## **(iii) Risks to the Crown**

The risks include:

- Extensive use of section 360A across New Zealand.
- Extensive pollution of a natural resource.
- Loss of dolphins in the Sounds (with a major negative impact on the tourist industry).
- The ongoing and complex administrative costs being placed on the Council; that in turn become too costly and lead to tensions within the community.
- Extensive use of the Crown getting into the practice of providing a cost recovery subsidy to the applicant if the law is questioned under a judicial review. For example, under this proposal NZKS can recover the costs of a judicial review (para 34 in the December 2017 Cabinet Paper). This practice seems to go against the intent of the legislative process.

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<sup>2</sup> This \$1,000,000 is sourced from:

(i) MPI External costs: approximately \$507, 537 (under an OIA, Doole, February 2017) From 1 January 2016

(ii) MPI staff costs: from 1 January 2016 (not known)

(iii) MPI Internal costs: approximately \$300,000 (panel to hear submissions and prepare a report, from MPI) From 1 January 2017

<sup>3</sup> This \$1,150,000 is sourced from:

(i) the possible costs of joining a judicial review: approximately \$150,000

(ii) agreement to bear the costs of the plan change and the judicial review: \$750,000 plus contingency of up to \$250,000 for the potential review

## Written Comments No: 0464

- Farmers looking for equity with NZKS, 'if they can pollute why cannot we pollute'.
- Deterioration of Iwi consultation
- Poor consultation and the resulting lack of trust between central and local government..
- A lack of respect for local democracy. We have seen international examples over the last 12 months where a failure to respect local democracy has led to cracks within central democracy (central government elections and continued disruption). New Zealand does not want to be one of those countries where people lose trust in key institutions.
- A lack of due diligence in terms of good processes when applying the RMA Act 1991.
- Regional communities are left devastated when big corporates leave town leaving their ecosystems no longer a provider of basic food, such as fish or shellfish. Those in poverty are more reliant on their environment to feed them than the more wealthier in the community that simply move on to another area that is not polluted.

### 2. The PwC Economic Impact Assessment and its review by Ernst & Young (EY)

Independence has been a common purpose underlying the PwC report and review. EY note that:

*As part of this process, MPI and the stakeholders' commissioned PwC to prepare an independent economic impact assessment (ELA) to evaluate options to support the decision making process. This report focuses on providing an independent peer review of the PwC report to provide assurance to decision-makers that the analysis is robust and can be utilised for decision-making purposes. (page 2, EY review)*

The information in the PwC report (November 2016) has been relied on in both papers as evidenced by Para 3 of the *Briefing paper* (page 2/24) and Paras 20–23 of the *Cabinet paper* (page 4/18).

As a key input into decisions over intent and process, the preparers of this paper and the reviewers of this paper need to be not only independent of NZKS but also need to be seen to be independent of NZKS. Concerns over a lack of independence are elaborated in Attachment A of this letter. We believe the authors need to be independent of the process, as the authors may already have a bias because of their past involvement (i.e. they have already made up their mind). The real issue here is whether the analysis is robust and can be utilised for the decision making purposes. Put simply, robust decision making has not taken place. It is not about looking backwards, but looking forward – what can be done to ensure the Crown is working on independently verifiable data. We raise this issue with you as the responsible Minister and look forward to working with you to find a feasible solution.

Other areas of perceived lack of independence exist; as many of the consultants that the Crown is relying upon have strong relationships with NZKS in the past, in particular Cawthron Institute<sup>4</sup> and James Baines.

Thank you for reading this letter. We would appreciate the opportunity to speak to you in person.

Wendy McGuinness

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<sup>4</sup> The following parties were party to the BOI Boffamiskell team: Russell McVeagh, Gascoigne Wicks, Cawthron Institute, NIWA, Statfishatics, Cawthorn & Ass., Marshall Day Acoustics, Tourism Resource Consultants, URS, Taylor Baines, Market Economics and OCEL. See <http://www.boffamiskell.co.nz/project.php?v=new-zealand-king-salmon>

## Attachment A: Concerns over perceived lack of independence

The PwC report (November 2016) was authored by Bill Kaye-Blake, Director Finance and Economic, Consultants, PwC and the EY review of the PwC report (6 November 2016) was authored by Chris Money, Transactions, Wellington, EY.

In reviewing these reports, the question is not just whether PwC or EY have not been independent in their approach (although I do raise concerns about their figures and their processes in Attachment B of this letter and the submission proper), but whether the report and its conclusions can be 'seen to be independent'. Our view is that the PwC report cannot be seen to be independent for the purposes it was commissioned and EY involvement as a reviewer was not the best party to approach to undertake the review.

There is a natural tension between an independent report and a report prepared for a client. For this reason, the level of independence should be reviewed and assessed in line with the magnitude. MPI was right to have an independent review undertaken by a third party, however both parties have had long relationships with NZKS, with EY being ongoing.

The facts are as follows:

**November 2016: PwC prepare *Marlborough Salmon relation: Economic Impact***

**October 2016: PwC prepare *Marlborough Salmon relation: Economic Impact draft***

The director and lead author of the *PwC Marlborough Salmon Relocation – Economic Impact Assessment* (November 2016) is Bill Kaye-Blake.

Bill Kaye-Blake previously worked for NZIER and was the Economics Expert for King Salmon at the Board of Inquiry in 2012. See page 2 of the [BOI Joint statement of economics experts](#) (September 2012).<sup>5</sup>

My understanding is that MPI was not aware that the author of the PwC report had a previous consultant relationship with NZKS. The extent of this relationship was illustrated when on a request for clarification for the maths underlying key figures in the model last week, Bill Kaye-Blake referred me directly to NZKS (not MPI). At one level this was understandable as Bill Kaye-Blake would have relied on the numbers provided to him, but conversely it also indicated the strength of the relationship.

However, the history between [REDACTED] NZIER and NZKS goes back even further.

In 2010 the Ministry of Fisheries commissioned a report by LECG, reviewing both the 2009 Ernst & Young report and a 2010 NZIER report; meaning both NZIER report [REDACTED] and EY were considered the key players in building the economic narrative.<sup>6</sup> They were involved early with NZKS and their involvement has been ongoing since 2009 (at least 8

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<sup>5</sup> See <http://www.epa.govt.nz/Publications/Economics%20Expert%20Witness%20Caucusing%20Statement.pdf>

<sup>6</sup> Please contact the Institute if you would like a copy of the LECG 2010 report.

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years). More detail is included in the Institute's Working Paper 2013/01 (see Appendix 2 of the submission).

### EY review – 6 November 2016

(author Chris Money, Transactions, Wellington, EY)

- a. Ernst & Young Christchurch have been the independent auditors of NZKS for a number of years – see the [2016 Financial Statements](#).
- b. Ernst & Young Transaction Advisory Services Limited (ETTAS) prepared an Independent Limited Assurance Report on the *ProForma Consolidated Statement of Financial Position of NZKS Limited* as at 30 June 2016. It states 'This report was prepared *for the purposes of listing NZKS on the Australian Securities Exchange Board (ASX)*.'
- c. Ernst & Young have been consultants to NZKS and the industry for the last ten years (approx.). More detail is included in the Institute's Working Paper 2013/01 (see Appendix 2 of the submission). Examples include:
  - a. Their estimations being used to support the original request to the EPA in terms of requesting the proposal be heard as a proposal of national significance. See their conclusions cited in: [New Zealand King Salmon Co. Limited \("NZ King Salmon"\) Sustainably Growing King Salmon - A Proposal Of National Significance](#) - Para 8 and Para 29<sup>7</sup>;
  - b. [NZ King Salmon Growth Report](#) (2009),
  - c. [Report of the Aquaculture Technical Advisory Group](#) (2009).
  - d. The above documents refer back to a 2009 report commissioned by Aquaculture New Zealand by Ernst & Young in a report titled [New Zealand Aquaculture: Industry Growth Scenarios](#) (this work was prepared by [Peter Goss](#)).

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<sup>7</sup> Para 29 states: 'In terms of the Proposal's implications for the aquaculture sector, the NZ King Salmon Report echoes the findings of Ernst & Young cited in the TAG Report - that while up to \$2 billion of net revenue is attainable by the industry, delays in reforming the regulatory environment have led to decreased spill-over benefits to the economy. In short, NZ King Salmon needs space urgently. Any further delay is costing NZ King Salmon and the economy.'

## Attachment B: Concerns over the content of the PwC report

We have had dialogue with MPI over the last two weeks in regard to the content of the PwC report. At this stage, we have not been able to clarify all our questions over the data in the model but we hope to do so in the coming weeks.

Our concerns are as follows:

### How the PwC report is being used

We question whether the PwC report can be relied upon as the 'Economic Impact Assessment' for this proposal or an IO model to support an Economic Impact Assessment? Issues missing from the report that we would expect to be covered within a full Economic Impact Assessment include an assessment of the demand side (national and international), the supply side (national and international), price sensitivity kg/NZ\$, the identification and review of the risks, costs and benefits over time, by probability or by magnitude. There is no sense of the package being fully assessed in terms of economic impacts in any integrated manner.

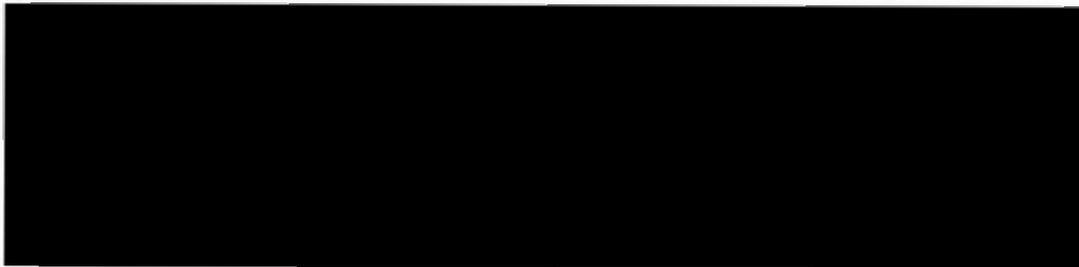
### The extent the report provides and relies upon verifiable data

We list these briefly below:

- Lack of clarity over assumptions
- Lack of an agreed timeframe for the assessment to take place, e.g. 10, 15, 20 years?
- No financial analysis
- No market analysis
- Inconsistencies over kg harvested in the 2015 year (as discussed in the 2015 and 206 financial statements)

This is supported by EY analysis which states:

- EY state that *'There is no formal sensitivity analysis regarding the parameters and assumptions employed.'* – see page 3 of their review.
- EY state that *'we have not verified the underlying figures'* – see page 3 of their review.
- FTE – lack of clarity over this figure (past, current and future). This has been illustrated to MPI through Appendix 7 in the submission and is mentioned in the EY review (see page 5, Section 1.3, model FTE). Page 4 also notes a lack of clarity over the data used (see the third para: *It is not clear whether ...*).
- Capital Expenditure (benefits overstated) – EY also note this: *Pen structures and polyester nets were assumed to be sourced in the regions, but it seems likely that at least some of these structures will be sourced from outside the region or overseas, reducing the overall economic value.* (see page 5, Section 1.4, allocation of capital expenditure)
- Price effects. EY note that *'it is unlikely that changes to production levels being considered would have significant price effects, but it would be useful to reference the percentage change in production (relative to national production) being considered to further support the use of price insensitive modelling.'* (See page 6, Section 1.5, price effects). The first part of the statement conflicts with the PwC report that notes that:  
*Their forecast revenue for FY16 is \$112.4 million, **which is sensitive to changes in the price of salmon.** For example, a \$1.00 decrease in the price per kilogram of salmon would result in New Zealand King Salmon revenue decreasing by \$6.2 million for FY16 [bold added].*



**The failure to undertake a comprehensive assessment**

- Specify a time frame for assessment.
- Excludes revenue (e.g. NZKS does not currently pay for water space use). What country would enable a company to make their pristine water and environment polluted without any certainty over financial benefits?
- Match potential costs with potential benefits for evaluation.
- The proposal looks at costs for each farm and then tries to compare these specific costs with the benefits of all farms; there are no specific benefits outlined for each farm (no production or FTE labour figures are provided).
- Identify all costs (e.g. the costs of polluting our water space, our landscapes and the wider ecosystem)
- Why the draft financial statements were used and were not updated based on the actual financial statements to 30 June 2016.
- Discuss potential risks (such as impact on other business (such as tourism), alternative use (such as land tanks) or initiatives (such as national parks)

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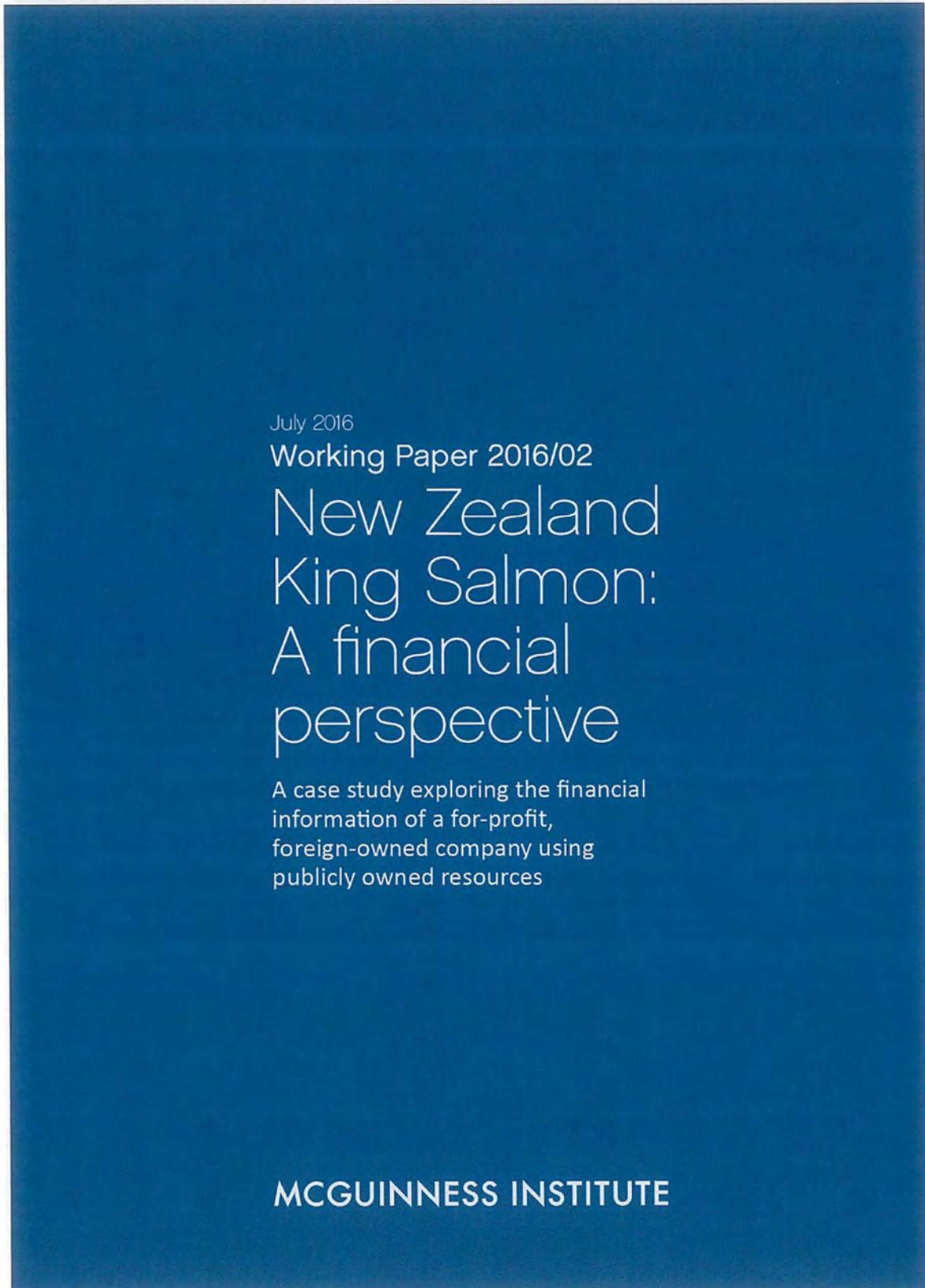
<sup>8</sup> See

<https://www.companiesoffice.govt.nz/companies/app/ui/pages/companies/2161790/documents?backurl=%2Fcompanies%2Fapp%2Fui%2Fpages%2Fcompanies%2Fsearch%3Fq%3DNew%2BZealand%2Bking%2Bsalmon%26entityTypes%3DALL%26entityStatusGroups%3DALL%26incorpFrom%3D%26incorpTo%3D%26addressTypes%3DALL%26addressKeyword%3D%26start%3D0%26limit%3D15%26sf%3D%26sd%3D%26advancedPanel%3Dfalse%26mode%3Dstandard>



Appendix 2: Working Paper 2016/02 – New Zealand King Salmon: A financial perspective

Please download the full working paper at <http://www.mcguinnessinstitute.org/working-papers>



Appendix 3: Working Paper 2013/01 – Notes on the New Zealand King Salmon Decision

Please download the full working paper at [www.mcguinnessinstitute.org/working-papers](http://www.mcguinnessinstitute.org/working-papers)

May 2013

Working Paper 2013/01

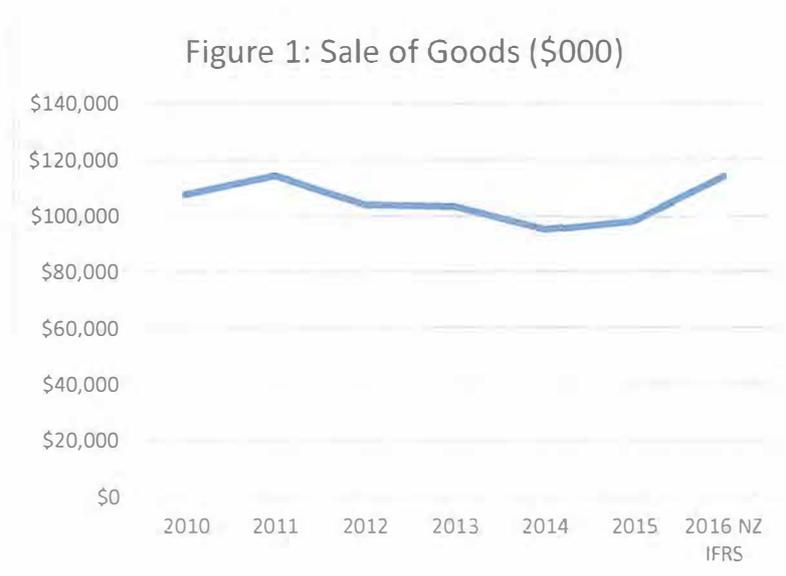
Notes on the  
New Zealand  
King Salmon  
Decision

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## Appendix 4: Financial Statement Graphs

The following graphs for the years 2010 to 2015 are comparable. They were prepared for an appendix in *Working Paper 2016/02: New Zealand King Salmon: A Financial Perspective*. In 2016, NZKS adopted to reporting under accounting standards Tier 1 NZ IFRS. This has resulted in significant changes to their financial statements. To reflect this they have restated their 2014 and 2015 year to represent NZ IFRS. As we are more interested in the trend over time, we have simply added to the work we did for the working paper by adding a final column to represent the 2016 NZ IFRS results from the financial statements. This means we had a choice of graphing comparable data for three years (2014, 2015 and 2016) using NZ IFRS or comparing five years (2010 to 2015) using NZ GAAP. We have chosen the latter but included the NZ IFRS results for 2016 out of interest. Next year, there would be four years of data under NZ IFRS, which would again make the trend more useful (hence this is a timing issue).

The exception is Figure 3, which only shows the gilled and gutted figure in kg. However, even the 2015 figure changed in the 2016 financial statement. In the 2015 financial statements it states the Annual Harvest is 5794 mt (page 17), whereas in the 2016 financial statement it notes the Fish Harvest is 6584 mt (page 21). We have contacted MPI to understand this.



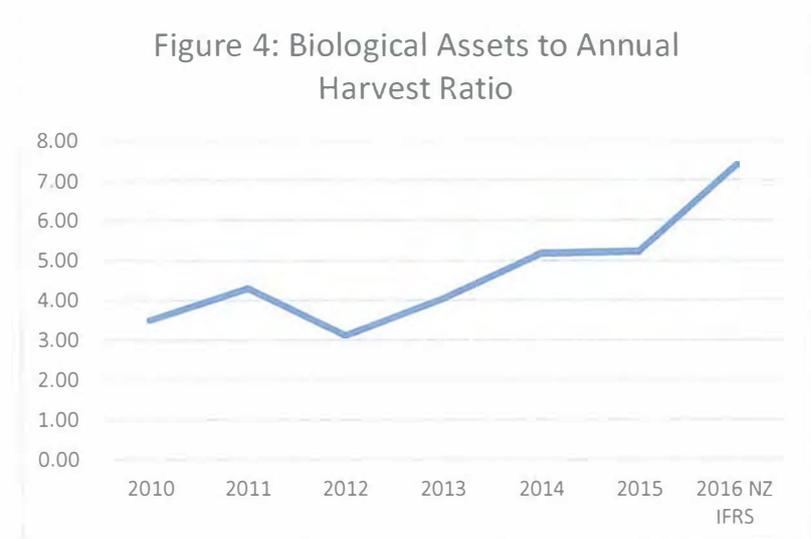
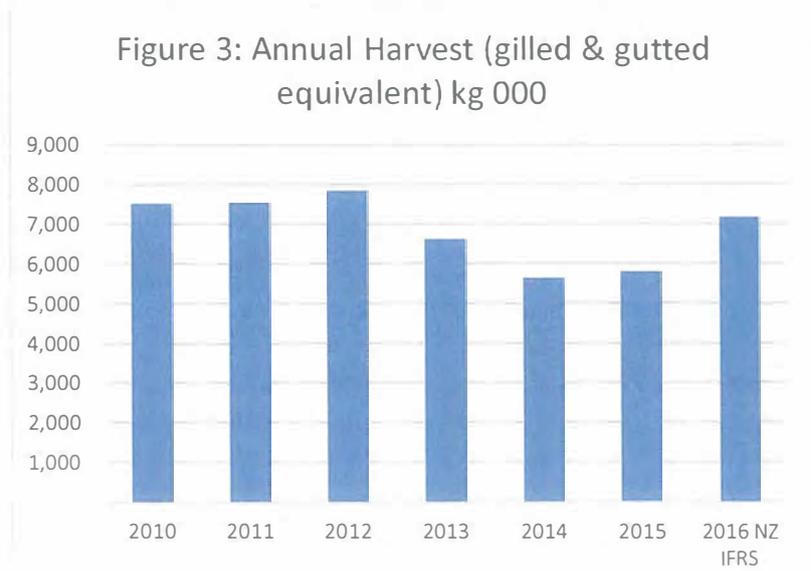
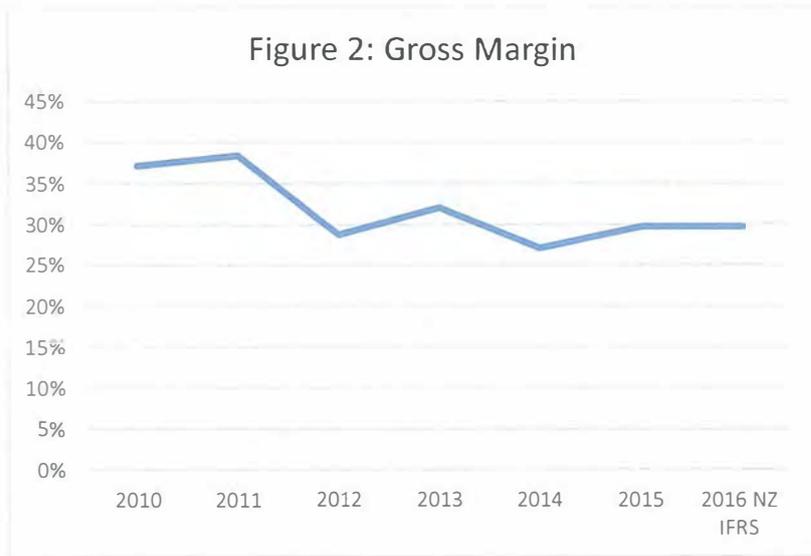


Figure 5: Net profit/loss for the period attributable to equity holders of the company (\$'000)

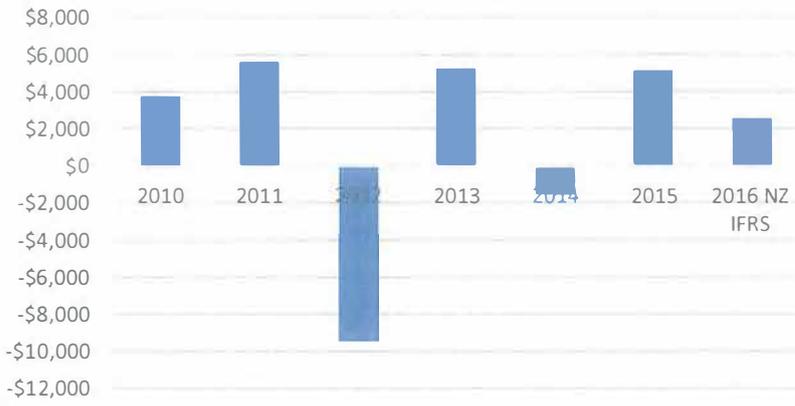


Figure 6: Dividends Paid and Accumulated Retained Earnings (\$'000)



Figure 7: Amounts Owing to Related Parties (\$000)



Figure 8: Debt to Assets Ratio

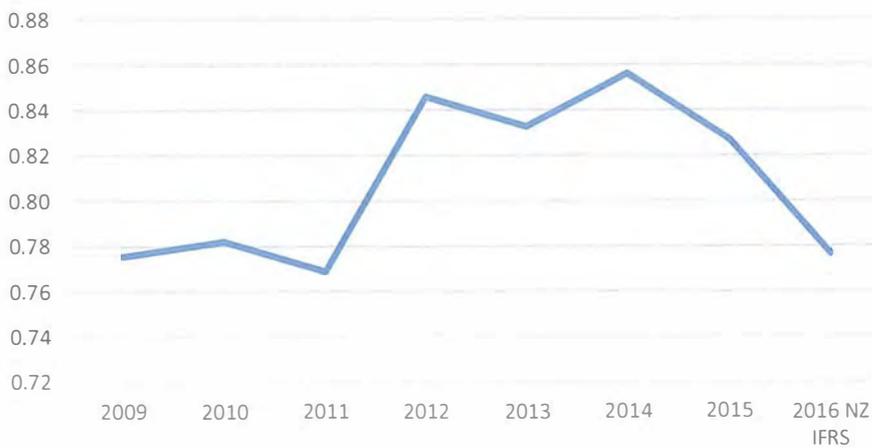
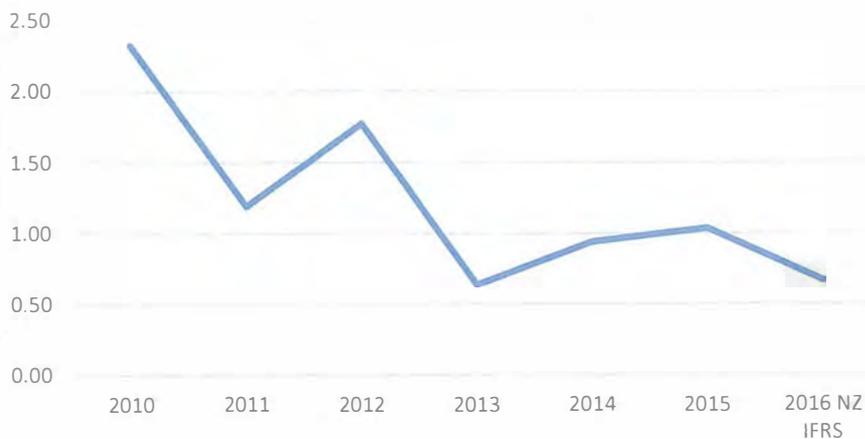
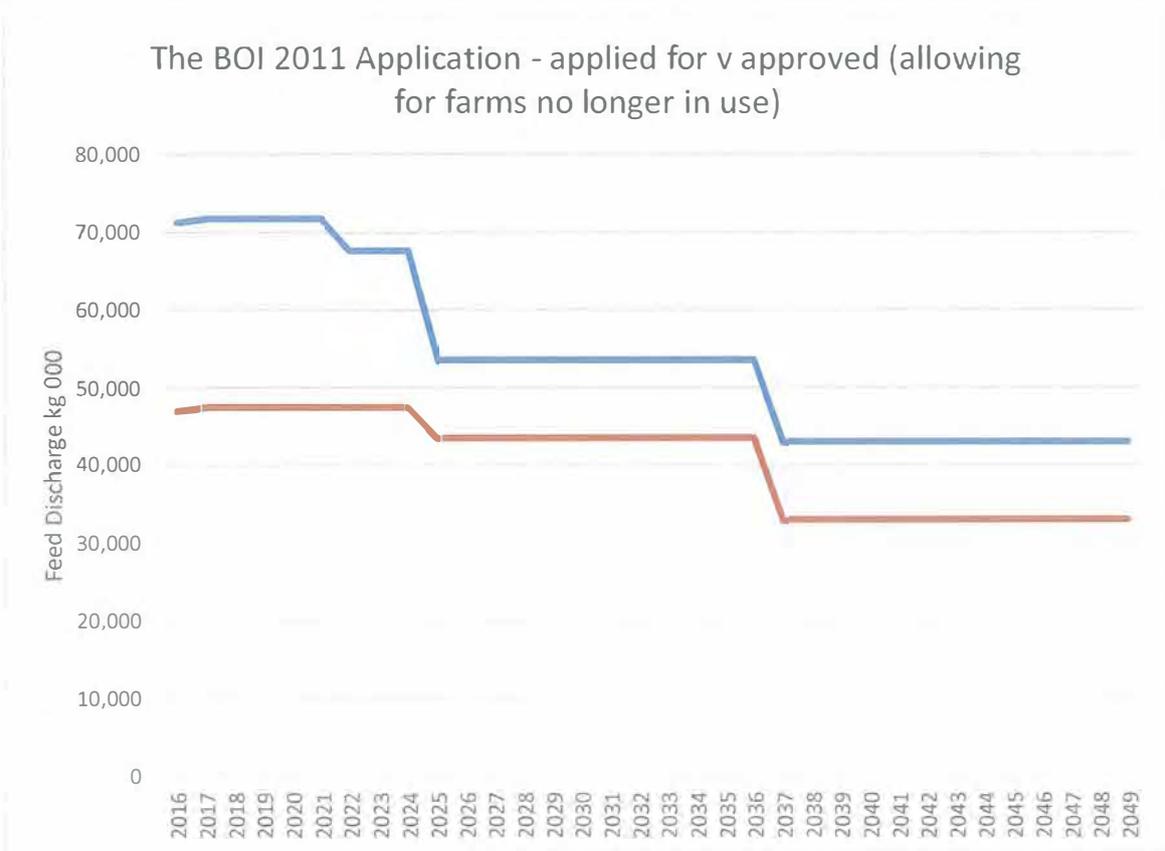
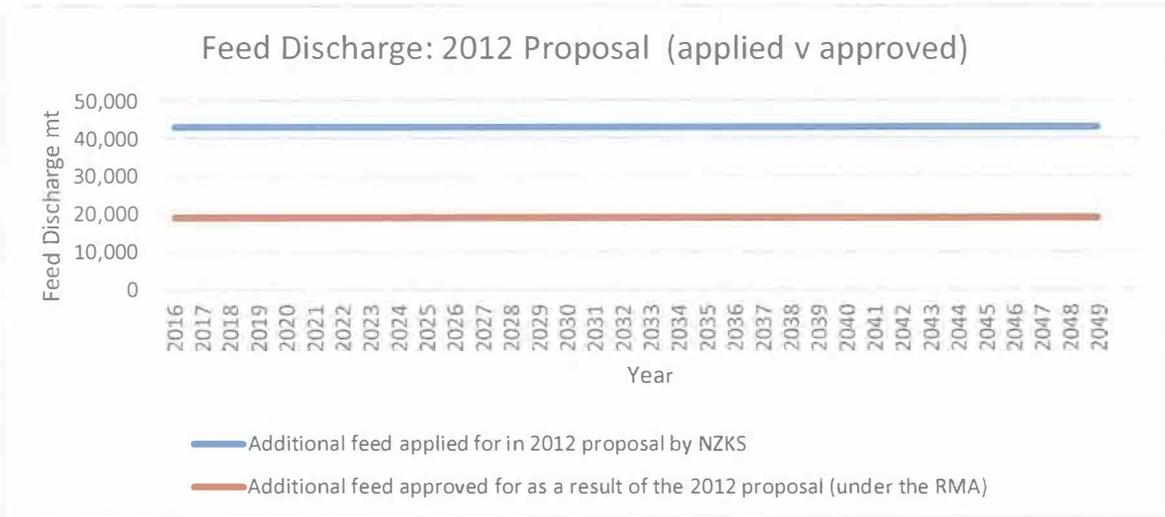


Figure 9: Current Ratio (Current Assets divided by Current Liabilities)

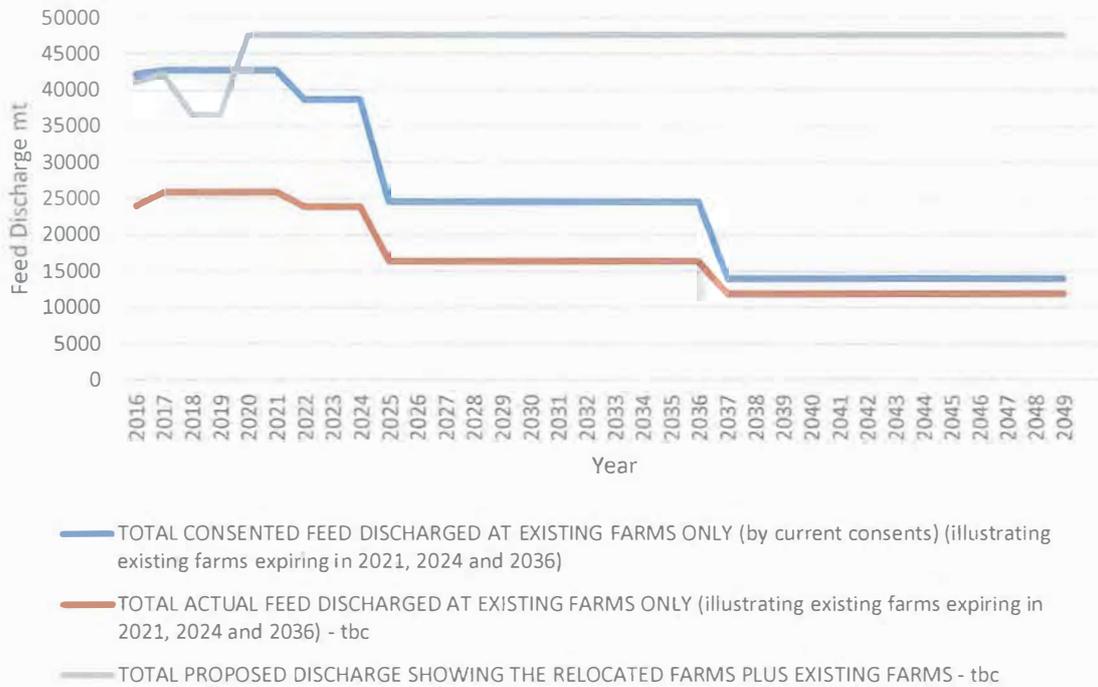


Appendix 5: Feed Discharge Graphs

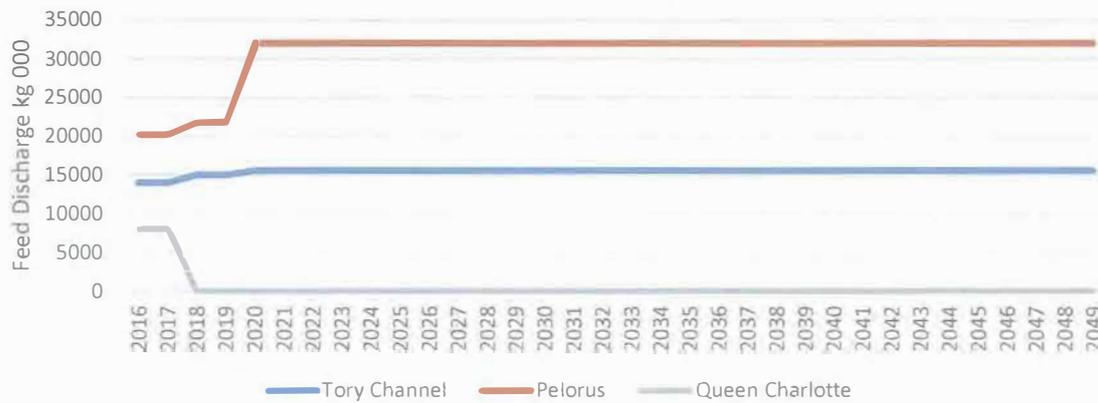


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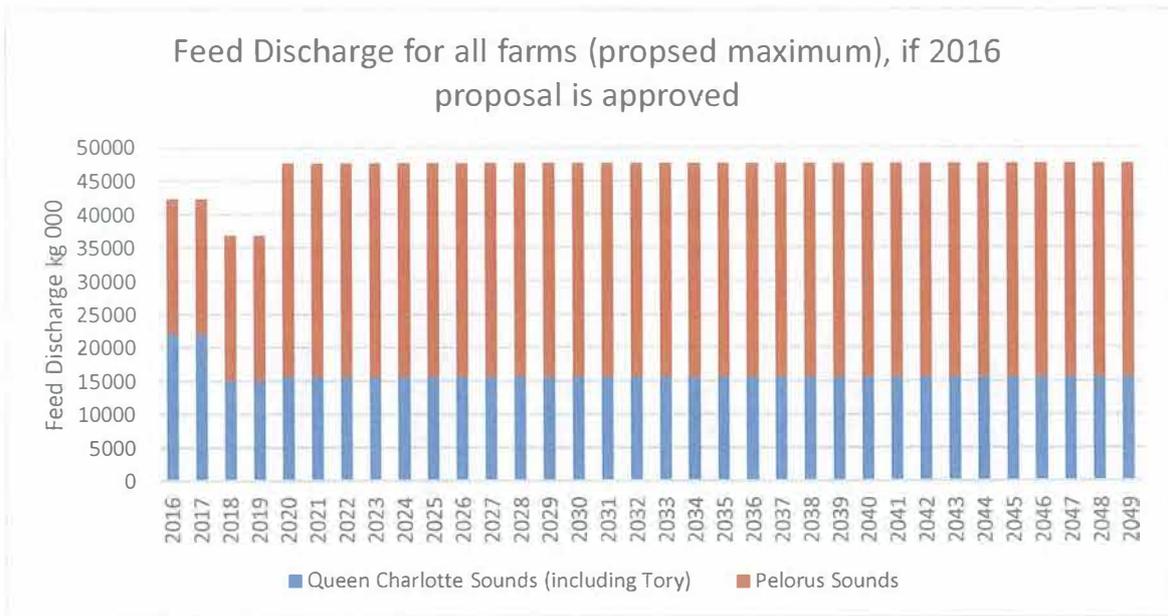
Feed Discharge for all farms (i) existing consented, (ii) existing actual and (iii) proposed by MPI/NZKS



Feed Discharge for all farms (proposed maximum), if proposal approved from 2016



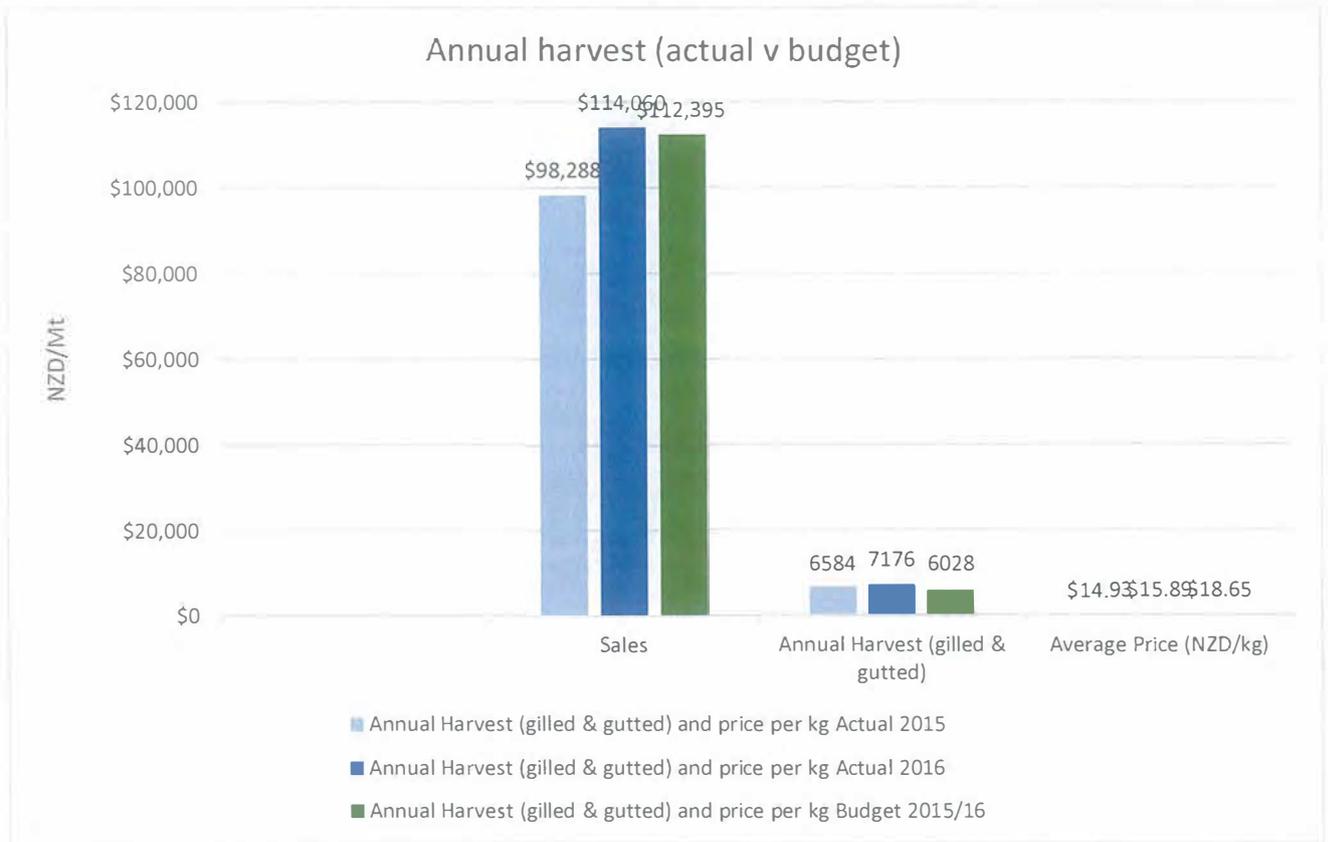
# Written Comments No: 0464



**Appendix 6: Production and Sales Graphs**

Please note these figures show adjusted figures (as per the financial statements to 30 June 2013, 2015 and 2016)





**Appendix 7: Full Time Employment Equivalents (ETS)**

There has been a lack of consistency over this figure in the analysis. We have added our analysis to date based largely on data provided by NZKS to the Global Salmon Initiative. See <http://globalsalmoninitiative.org/sustainability-report/sustainability-indicators>

