Contents Page: New Zealand King Salmon Company

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

Written Comments Number	Last Name	First Name
482	New Zealand King Salmon Company	

Written Comment No: 0482

Subject	**Marlborough Salmon Farm Relocation - New Zealand King Salmon Company Submission**
From	Jemma McCowan
To	aquaculture submissions
Cc	Grant Rosewarne; Mark Gillard; Karen Mant; Rhea Hopkinson; Quentin Davies
Sent	Monday, 27 March 2017 4:43 p.m.
Attachments	<<NKS21600 - Consultation Document - LOW RES - ALL PAGES v5.pdf>>

Dear MPI
Please find attached the New Zealand King Salmon company submission for the Marlborough Salmon Farm Relocation Proposal.
This document comprises New Zealand King Salmon's formal company submission in the consultation to relocate six Marlborough salmon farms. It is supplemented by our co-submission from our legal counsel, Gascoigne Wicks. We fully support the relocation of all six salmon farms / nine surface hectares as proposed by the Ministry for Primary Industries.
New Zealand King Salmon also requests the opportunity to make verbal statements at the upcoming public hearings to accompany this written submission. We expect to have up to 12 representatives to present in person.
Regards
Jemma

Jemma McCowan, *General Manager Marketing*

New Zealand King Salmon

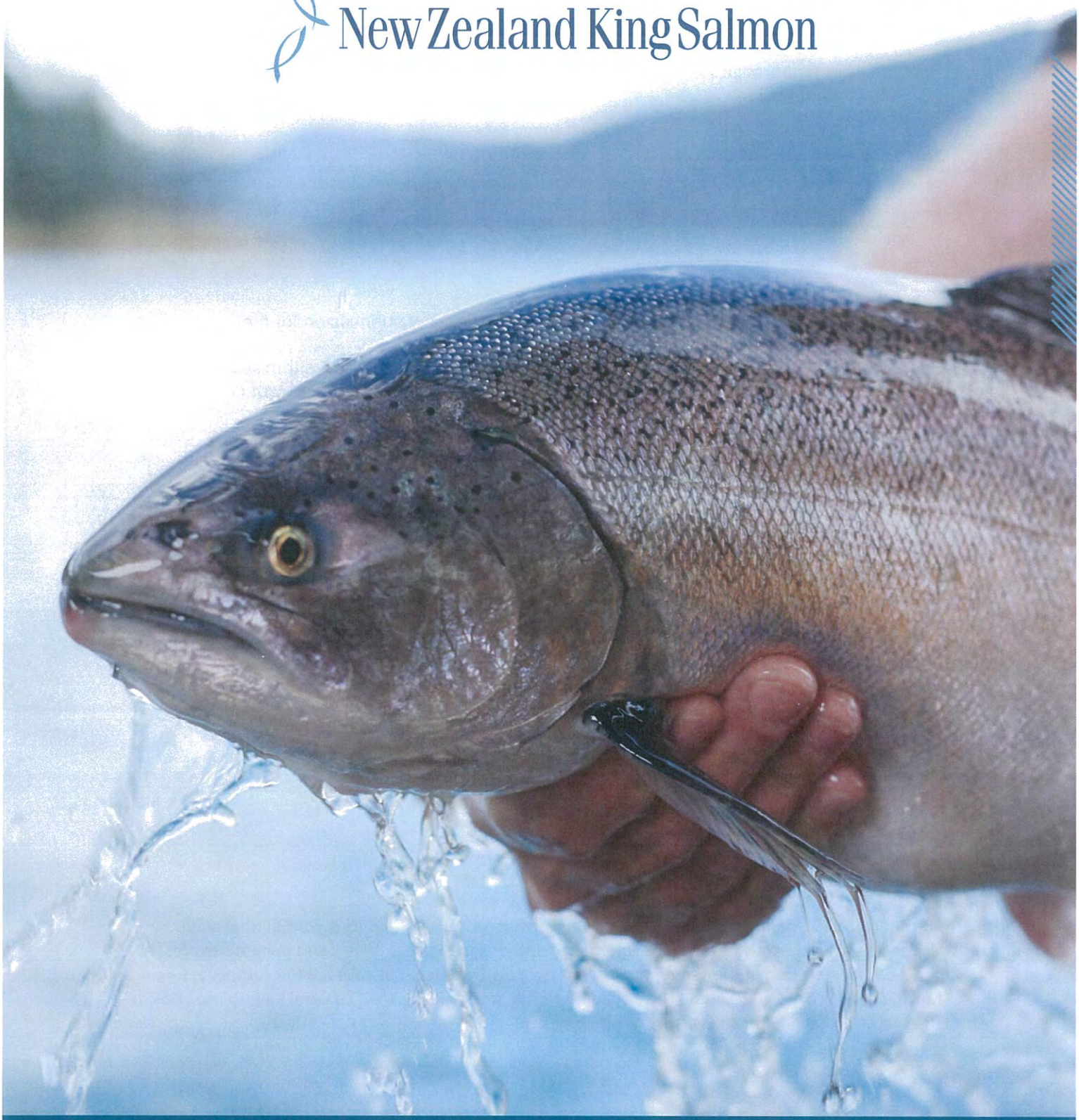
[redacted] | **W:** www.kingsalmon.co.nz | **A:** 93 Beatty Street, Tahunanui, 7011

REGAL

ŌRA KING

Written Comment No: 0482

New Zealand King Salmon



MPI POTENTIAL RELOCATION OF SALMON FARMS IN THE MARLBOROUGH SOUNDS

NZ KING SALMON - COMPANY SUBMISSION

MARCH 2017

CONTENTS

INTRODUCTION

This document comprises New Zealand King Salmon's formal company submission in the consultation to relocate six Marlborough salmon farms. It is supplemented by our co-submission from our legal counsel, Gascoigne Wicks. We fully support the relocation of all six salmon farms / nine surface hectares as proposed by the Ministry for Primary Industries.

New Zealand King Salmon also requests the opportunity to make verbal statements at the upcoming public hearings to accompany this written submission. We expect to have up to 12 representatives to present in person.

The New Zealand King Salmon low flow farm at Ruakaka under consideration in the relocation process

Written Comment No: 0482

OUR VISION

Just as Marlborough Sauvignon Blanc has become world famous, increasingly, so too is Marlborough King salmon. New Zealand King Salmon has a strong vision to make this happen.

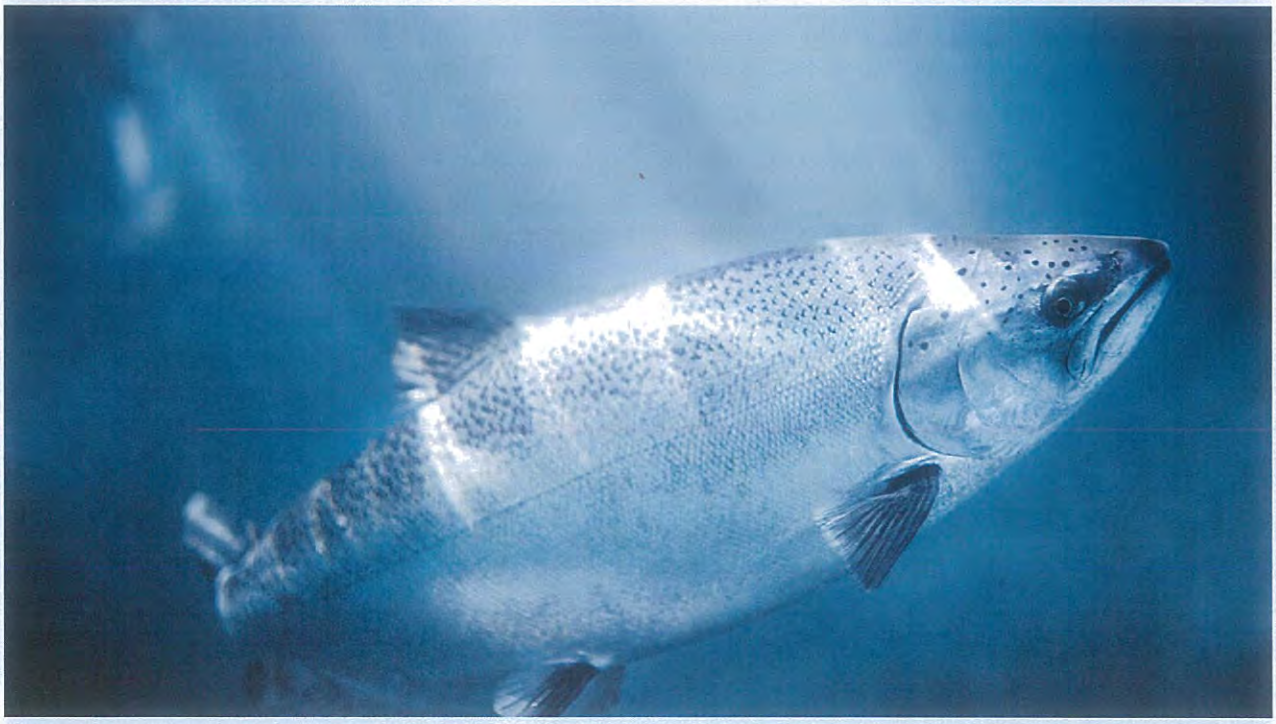
New Zealand King Salmon's purpose is "creating the ultimate salmon experience". The reason we exist is to:

- Enrich the lives of our customers, team members and shareholders;
- Contribute positively to the communities in which we operate, including the natural environment and regional prosperity; and,
- Reward our partners and suppliers fairly.

Through the relocation of the six low flow salmon farms under consultation to more suitable high flow sites.

We strongly believe that we have the opportunity for enhanced growth and prosperity for all stakeholders including the company itself, the community, environmental groups, partners and shareholders.

We believe in sustainable growth. To us, sustainable growth means that our business can go on in perpetuity and that we hand our business on to the next generation with a better environment, a more supportive professional culture, stronger community relationships, greater resilience and more resources. Each generation should inherit the business in better shape than its predecessor. Without a flourishing natural environment, we cannot produce and supply the highest quality King salmon to New Zealand and the world. Without flourishing local businesses, New Zealand's regional



communities - such as Marlborough - will decline in population and prosperity.

Our community wants to have confidence in our sustainability credentials and so do our customers. Our business is increasingly expected to deliver empirical evidence of our sustainability practices to all stakeholders - often with the assurance of independent audits. If we cannot deliver on the sustainability front, we do not have an authentic story to tell our audience, whether community, or commercial.

We have strong ties and relationships in the local community that we continue to develop. These links may be through personal commitments and family connections, long-standing business deals and future opportunities, local shareholders, iwi partnerships, community sponsorships, regional events or just simply, showing our passion for the wonderful food product that King salmon is and the fascinating, albeit complex and evolving, science behind salmon aquaculture.

We are proud to call ourselves a Kiwi company. With over 1,600 shareholders in total including around 400 from the Top of the South, we blend international expertise and investment with local grass-roots support, a strong Kiwi leadership team, and over 450 passionate and proud employees building a world-class future after over 30 years of history in the region.

Our vision is to build a world class Marlborough base to reflect our origins and our future. We plan to expand our base in Marlborough with processing, office and tourism facilities to make Marlburians proud. We want to be a draw-card attraction to the region, in a similar way to Central Otago with Pinot Noir, Hamilton with Hobbiton, and Invercargill with Bluff Oysters. Marlborough needs more iconic reasons to visit. We believe we can contribute.

The future location of - and requisite investment in - these facilities will be determined by the future growth forecasts for our business. It is no surprise that primary fresh fish processing facilities are best located close to the harvest and transport infrastructure and thus in the New Zealand King Salmon context, it makes sense to expand our shore based operations in Marlborough at some point.

We can only continue to develop this vision - ie invest in Marlborough - if we have confidence in our ability to grow. Much of this decision is predicated on the ability to relocate our farms to more suitable, higher flow water space - to grow our salmon to the highest quality with minimal impacts.

Aquaculture's future role in the world's food supply is evident - the contribution of aquaculture will be necessary to feed the planet: not only a growing population, but also a population demanding more protein, more seafood and more healthy options. Aquaculture has the potential to deliver high-yield healthy protein at environmental and economic efficiency levels difficult to match in a land-based agricultural situation.

The World Wildlife Fund (WWF) estimates that for every crop produced, better producers globally are 100 times more productive than worse ones.[1]

> ***With the goal to achieve regional best management practice guidelines for salmon farming, as well as international certifications such as Best Aquaculture Practice (BAP) and the Monterey Bay Seafood Watch "green" rating, New Zealand King Salmon wants to improve its own crop production to be more efficient with less environmental and social impact, and greater biosecurity.***

WWF believes that improving lower quality performance is as important as rewarding good performance, and in our context, it is clear that historically consented sites from the early days of New Zealand's salmon farming history are not as conducive to the current thinking for best practice salmon farming as high flow sites.

Some groups have suggested that New Zealand King Salmon should go offshore as a resolution to this challenge – and whilst we can never do this entirely, quite frankly we agree with them! The company monitors developments in the salmon industry in detail. If there is new technology, either regarding land-based or offshore farming systems, New Zealand King Salmon always investigates and generally pays a visit. New Zealand King Salmon has thoroughly reviewed the possibility of offshore farming, and whilst we think this will be achievable

1. Dr Jason Clay, Vice President Food and Markets, World Wildlife Fund (The Huffington Post: Feeding the People, Saving the Planet, July 2016)

in about 10 years' time, there is currently not a single commercial operation in a fully exposed offshore location (similar to what we would face in the Cook Strait, for example) which has proven itself. To go offshore now could lead to a loss of fish, farm and crew.

As a world leader in producing the rare King salmon species under premium brands, New Zealand King Salmon has a significant part to play in the worldwide opportunity for aquaculture. Combining New Zealand's reputation for safe, traceable, quality food and the buoyant demand for the King salmon species - with New Zealand as the majority supplier - we can lead the way in delivering the best quality salmon, grown in the most sustainable way, to the highest value. Farming in the most suitable waterspace is critical to delivering on this opportunity.

We know how desirable our Marlborough King salmon is around the world to food connoisseurs - future opportunities of high value are abundant, but require consistent, high quality supply from our farms. The Marlborough King salmon story is an important contributor to the broader New Zealand story overseas, not only creating wealth for New Zealanders from export revenue, but also attracting tourists and visitors to our country to experience the wonderful food, beverage and scenery for themselves. In addition to our commercial and media visitors interested in seeing our salmon operations for themselves, we are regularly asked to host tourist and school groups to our salmon farms.

We also have ambitious plans to lead the way in the aquaculture, seafood and, ultimately, the food industry, in sustainability, best practice and innovation. We want to shape the future for food safety and traceability, biosecurity, consumer health and continued enjoyment of high quality food.

Throughout all our activities, we aim to operate in a safe, healthy environment for our people, fostering talent internally and encouraging a diverse, dedicated workforce able to live and work in the Top of the South and provide for their families.

We want to be well-regarded and respected in the community, to be perceived as a local business that is contributing to its region, and seen as collaborative, communicative and willing to listen. Whether on the Picton and Havelock foreshores, around our farms in the Marlborough Sounds, in our fresh and smoked operations in Nelson or at our freshwater hatchery at Takaka, we aim to be a good neighbour and a productive member of the community.

We strive to have a good relationship with Top of the South iwi. We have an active joint venture at Clay Point farm with Te Atiawa. Our intention is to continue to proactively seek collaborative partnerships with Te Tau Ihu iwi throughout the Top of the South region.

Our company values are built on leadership, professionalism, credibility, innovation, hard work, resilience, and most importantly, care. In line with this, as a public company, we are open and transparent about our business activities and financials, and confident in our current and future bottom line.

Ultimately our activity always needs to make business sense, whilst staying true to our core values. In the case of the salmon farm relocation proposal, the numbers certainly make sense, in terms of more jobs in the Top of the South, and an increased contribution to regional GDP.

Seventeen surface hectares of suitable salmon farm space will eventually produce nearly $400 million of revenue. As a result of the site relocation in full, PwC estimates headcount for New Zealand King Salmon in the Top of the South would increase by 261 over a 15-20 year period. Total headcount for the region would increase by 407. Increased regional GDP would total $32.9 million per year.

New Zealand King Salmon's own calculations estimate future total headcount at 900 by around 2032, of which 800 would be based in Nelson and Marlborough - also taking into account expansion into higher-value channels with more of our production, better use of by-products, as well as the future growth from the three EPA sites.

In the context of the 150,000 hectares that make up the Marlborough Sounds, the waterspace commitment required to achieve these economic outcomes is minimal and the environmental impact is also minimised. Historically, New Zealand King Salmon has been able to generate around $20 million of revenue from each surface hectare of salmon farm, whereas according to the 2012 Coriolis[2] report on the New Zealand salmon industry, a beef farm is estimated to require a production area of approximately 140,000 hectares in order to achieve similar revenue.

Our business strategy is based on value, over volume. The farming and production of King salmon is intricate and requires much care, due to the nature of the species. To be successful in the production and supply of King salmon, a business operator needs to derive considerable value in order to justify the effort required across the King salmon life cycle. We achieve this value through two main activities - operational best practice salmon farming and processing - and strength in branding and positioning.

2. Coriolis, May 2012, "Investment opportunities in the New Zealand Salmon industry"

VALUE THROUGH BEST PRACTICE SALMON FARMING

30 years of salmon farming have taught us a lot about our species, our environment and the correct infrastructure and management practices to get the best for our final product, and the environment we are based in. Over the years, our operational infrastructure and approaches to fish husbandry and environment management have altered significantly. This rapid pace of change is not expected to slow up, as best practice continues to evolve in the salmon aquaculture space.

Today, our business is more outward looking in our consultation of peers and experts worldwide, and our adoption of benchmarking and best practice goals. Whilst doing so, we are also cognisant of the need to develop best practice and knowledge specific to our rare species, and not to assume that the learnings from the commonly farmed Atlantic salmon species will always fit with the needs of our

species. We now go to the extent of commissioning and conducting our own research into our species' behaviour and requirements for environment, nutrition and handling. This allows us to challenge our suppliers and partners to deliver the best possible solution specific to King salmon. We also engage year-round with accreditation bodies for aquaculture, sustainability, food safety, health & safety, human resources and other measures in order to ensure we are on top of and exceed expected standards and legislative requirements.

In line with best practice and sustainability principles, we are committed to vacating existing sites with care. In cooperation with science partners, such as Cawthron, we have determined that the best currently available method to restore the seabed to its state prior to salmon farming is to leave the site to self-remediate. There is ongoing research to determine if any further remediation can be achieved through intervention, without any counterproductive effects.

Alongside the obvious economic and environmental benefits, it is important to retain perspective in terms of the greatest threats to the Sounds marine environment. As reported on page 65, a 2012 expert report assessing anthropogenic threats to NZ marine habitats concluded that the majority of threats stemmed from human activities external to the marine environment. The greatest threats were ocean acidification, rising sea temperatures and increasing sedimentation from changes in land use. In comparison, the threat of aquaculture rated 19=, and other marine threats such as bottom trawling and shellfish dredging were of greater concern. Overall the report indicated that marine farming has an effect in a localised area and is highly regulated. Moreover, the presence of aquaculture also prevents other more harmful activities such as dredging.

The consultation process represents a significant opportunity to bring the entire Marlborough finfish farming industry in line with Best Management Practice guidelines (BMP), as existing low flow sites can not achieve the guidelines. As part of the consultation process, New Zealand King Salmon also requests that consideration is paid to the proposed approach to transition between vacated sites and new sites, and the practicality of proposed discharge increases, feed caps and benthic quality standards as explained on page 67. We have also put forward a preferred priority order for the relocation of sites, and a rotational fallowing alternative if the site relocation were not to go ahead.

In addition, we are committed to an ongoing contribution to the local amenity in site-specific areas, such as mooring buoys for boaties, support for the conservation of the King Shag and other endangered species, cultural preservation within the region, and ongoing improvements to the appearance of farms in order to be as sympathetic as possible to their surrounding environment. Once a decision has been taken on which sites will be relocated, we will undertake more detailed discussions tailored to the decision outcome.

VALUE THROUGH BRANDING DEPTH

In addition to our operational expertise, we have developed a robust formula to achieve value via our strong brands which tell the story of our King salmon to suit a variety of audiences.

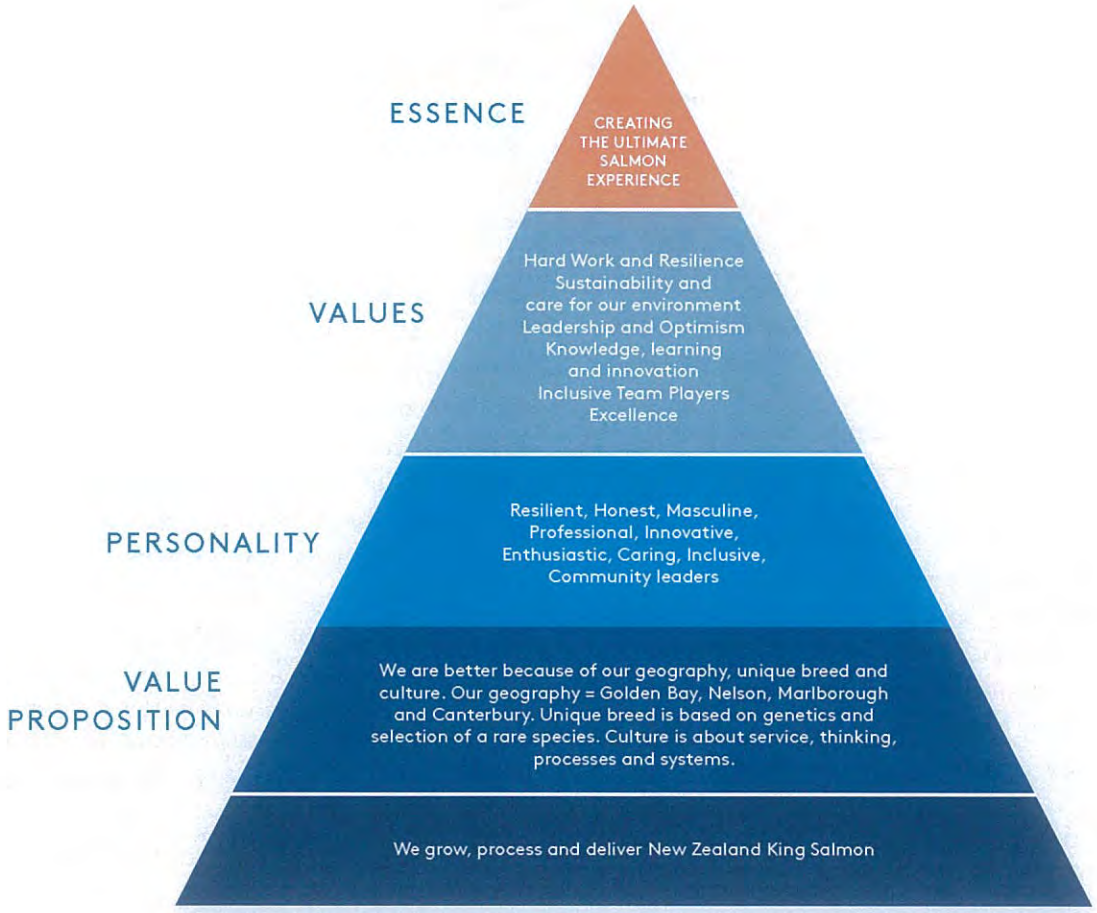
We have significant plans to enhance not only the value of our existing brands, but also to create new brands, categories, markets and channels. We have started the process of moving beyond our stalwart consumer and chef brands - Ōra King, Regal and Southern Ocean - into pet food (Omega Plus), burley (Big Catch), with plans for expansion into even more future international brand "stars" in the fertiliser, functional foods, and nutraceuticals categories.

OUR STORY

We grow, process and deliver a unique breed of Marlborough King salmon. Our purpose is "Creating the ultimate salmon experience".

We believe our Marlborough King Salmon is one of the most efficient and environmentally-friendly ways to grow healthy protein to feed the planet. Our product makes business sense as well.

We aim to create an outstanding sensory experience; the ultimate salmon experience. This might be: experiencing an exquisite salmon dish in a fine restaurant, choosing fresh King salmon over the seafood counter to contribute to a healthy and sustainable diet, experimenting with a new smoked salmon creation in your home kitchen, giving the best salmon treat to your pet, finding out more about King salmon by talking to our expert team at a local event, visiting a salmon farm for a behind-the-scenes tour, or kids having an interactive learning experience with one of the resources from our specially-designed King salmon education kit.



NEW ZEALAND KING SALMON OVERVIEW

New Zealand King Salmon is the world's largest aquaculture producer of the King salmon species, accounting for more than 50% of global aquaculture production.

King salmon *(Oncorhynchus tshawytscha)* is a Pacific salmon species, comprising only 0.7% of total global salmon aquaculture production and wild catch. King salmon is generally regarded as the premium salmon species in terms of taste and nutritional quality, possessing superior colour, fat and Omega-3 oil content, fillet size and desirable texture characteristics.

We currently own and operate eight seafarms in the Marlborough Sounds, including three new seafarms consented for a 35-year term in 2014. We also have consents for three locations which are presently fallowed: Forsyth Bay and two sites in Crail Bay.

New Zealand King Salmon is a pioneer in marine salmon farming in New Zealand, utilising King salmon stock introduced from California over 100 years ago. We and our predecessor companies have been growing and selling salmon to consumers in New Zealand and overseas for over 30 years. We have a well-established domestic market presence and share, along with a history of successfully selling our products in offshore markets including Australia, North America, Japan, Asia (ex Japan), and Europe. During the last financial year, 44% of our revenue was generated from international sales.

We believe New Zealand King Salmon's key points of difference are the rare species of salmon that we produce and the high quality premium brands that we have developed. Utilising our Ōra King brand, we are one of the first protein companies in the world to achieve branding all the way through to the restaurant menu. Our retail products also have strong brand recognition in New Zealand. Another key point of difference is that we are the only salmon company in the Marlborough Sounds, enabling us to position core brands around Marlborough's unique provenance story.

New Zealand King Salmon has four key brands under which we produce a range of products

including whole fresh fish, value added products including fillets and portions, cold smoked salmon, wood roasted salmon, and pet food. Our brands include Ōra King, Regal, Southern Ocean and Omega Plus. Our products are sold to international and domestic retail (supermarket) and foodservice customers, such as restaurants, caterers and hotels.

New Zealand King Salmon Investments Limited is the parent company of the Group, and is the company listed on the NZX and ASX, as of October 2016 . The New Zealand King Salmon Co Limited, a wholly owned subsidiary of New Zealand King Salmon Investments Limited, is the operating company of the Group and also has a number of subsidiary companies.

Although we have international investors in our business, we also have a generous proportion of New Zealand ownership. In addition, day to day operational decisions are led from our Top of the South base where our Senior Leadership Team is based. Both the Senior Leadership Team and the Board have a good balance of New Zealand and international expertise. The Board is chaired by the highly experienced John Ryder, founder of Ryman Healthcare and instrumental in the growth of jewellery chain Michael Hill.

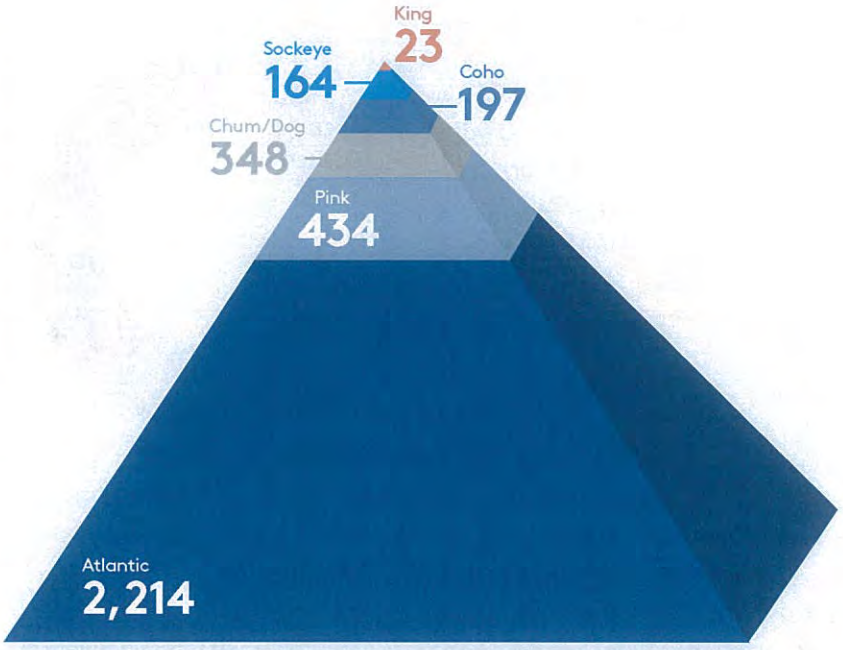
Around 60 of our team members have a shareholding in New Zealand King Salmon.

KEY BUSINESS STRENGTHS

1.

We are the world's largest aquaculture producer of the King salmon species, representing more than 50% of global aquaculture production of this scarce species. King salmon is generally regarded as the premium salmon species in terms of taste and nutritional quality, possessing superior colour, fat and Omega-3 oil content, fillet size and desirable texture characteristics.

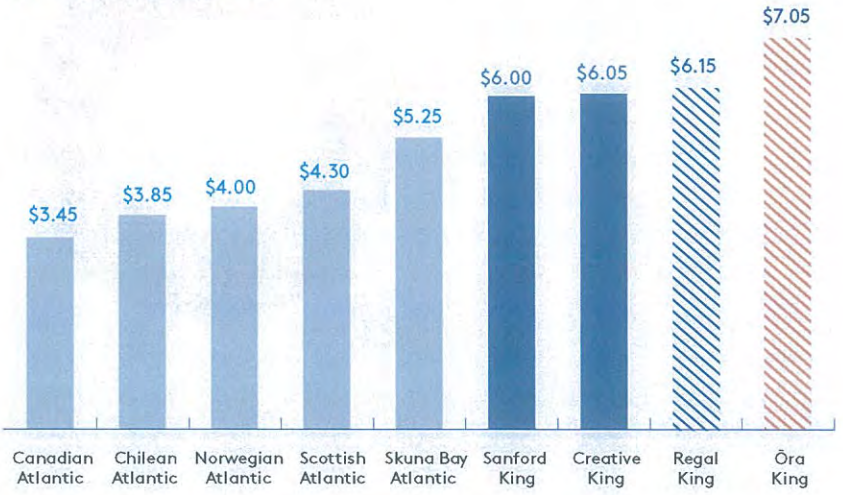
Global production and catch of salmon (000s MT)[3]



2.

King salmon products enjoy premium positioning and premium pricing relative to other salmon species. Ōra King is our highest quality salmon and achieves a further premium.

East Coast, USA – price paid by importers in April 2016 (USD/lb)

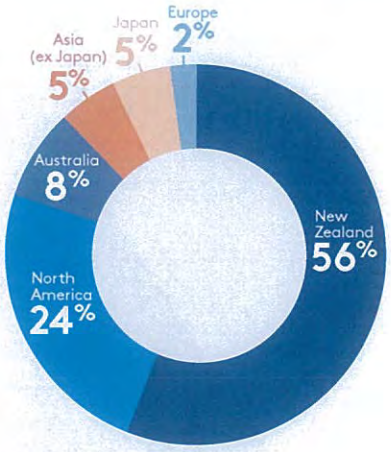


3. Source: Food and Agriculture Organisation of the United Nations, FishstatJ (average, 2013-2014); New Zealand Salmon Farmers Association, 2014.

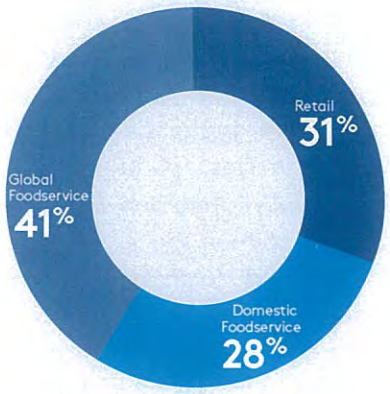
3.

Our operations are well diversified without over reliance on any one market, channel, brand or product. Through our export relationships with importers and distributors we have the ability to shift volume to the highest value markets. This provides us with an ability to react to market conditions, competitive activity, currency movements and economic conditions. We have an export focus, with sales to offshore markets supported by a strong domestic base. Whole fresh fish and processed products are sold under a range of brands and through both retail and foodservice channels.

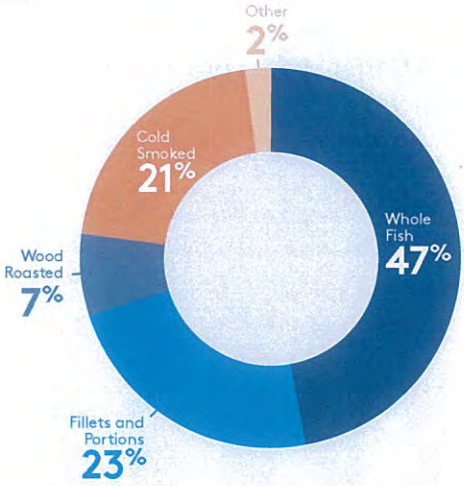
Sales by market ($, FY2016)



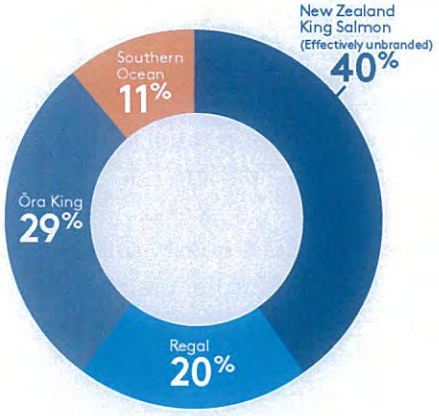
Sales by channel ($, FY2016)



Sales by product ($, FY2016)



Sales by brand ($, FY2016)



4.

We believe a key component to ensuring the highest possible quality and brand positioning is retaining complete vertical control, enabling year-round production, processing and supply of high quality salmon. We control all elements of the value chain from breeding, hatching and growing through to harvest and processing. Fish are harvested and processed on the same day with fresh whole fish generally dispatched to customers within 24 hours of harvest.

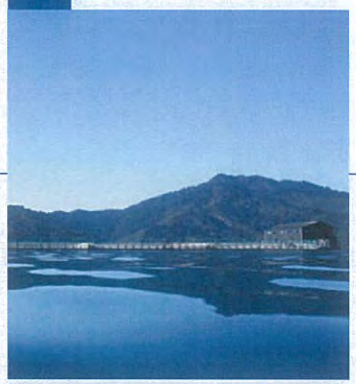
1

We operate three hatcheries. For broodstock, smolt and as risk mitigation.

2

Broodstock is tagged and monitored throughout its life – we assess the best female and male salmon.

3

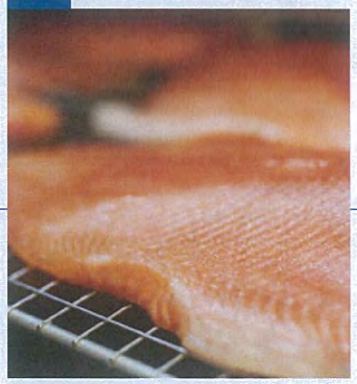


Following transfer from freshwater hatcheries, salmon are grown in one of our seawater farms.

4

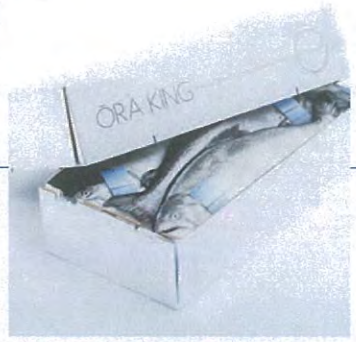
Salmon are humanely harvested at sea and transferred back to our processing facilities in Nelson on the same day.

5



Salmon are weighed, gutted and gilled. Depending on final use, further processing can take place (including cutting into fillets or smoking).

6



Ultra premium fish are branded Ōra King and individually numbered for traceability. Relationships with chefs and restaurateurs allow us to participate in "menu poetry".

NEW ZEALAND KING SALMON OPERATES FOUR KEY BRANDS

ŌRA KING™

REGAL™

Southern ocean

OMEGA PLUS®

VET QUALITY AT SUPERMARKET PRICES

ŌRA KING

Ōra King salmon are the best of New Zealand King Salmon's unique breed of King salmon, nurtured throughout their lifecycle to ensure the finest quality. Ōra King salmon is inspired by, and created for, discerning chefs around the world. Ōra King achieves a notable premium to Regal and other brands of King salmon.

We have been able to achieve what many other protein producers have not, with the inclusion of our Ōra King branding all the way to the menu of more than 400 premium dining restaurants around the world, including the Michelin starred Musket Room in New York City. This creates a level of consumer brand awareness not generally attainable by protein producers.

THE MUSKET ROOM

VILLA MARIA ŌRA KING cervena

Canapes

Villa Maria Cellar Selection Sauvignon Blanc 2012, Marlborough

Miso cone, Ora King salmon, bonito
Cilantro, Cervena venison, sesame, pigs blood
Wafer cress soup, veal sweet breads

~

First Course

Villa Maria Reserve "Wairau" Sauvignon Blanc 2012, Marlborough
Villa Maria Cellar Selection Riesling 2010, Marlborough

Ora King salmon, carrot, leeks and roe

Second Course

Villa Maria Single Vineyard "Taylors Pass" Chardonnay 2011, Marlborough
Villa Maria Cellar Selection Pinot Noir 2010, Marlborough

Ora King salmon, satsuma, vanilla and sunflower seeds

Third Course

Villa Maria Reserve Pinot Noir 2008, Marlborough

Cervena venison leg with gin botanicals

Forth Course

Villa Maria Reserve "Gimblett Gravels" Cabernet Sauvignon / Merlot 2008, Hawkes Bay

Cervena venison loin, date, wild garlic and apple

Dessert

Passionfruit pavlova, strawberries and cream

Written Comment No: 0482

REGAL

Regal is our premium retail brand positioned by reference to its Marlborough provenance. Regal is an established and trusted brand in New Zealand with a strong domestic following, achieving an 84% net total awareness score in a recent Nielsen study.[4] Regal enjoys a greater than 40% domestic market share combined with a premium position in the marketplace.[5] We plan to expand our Regal smoked salmon presence in key offshore markets in the future (in particular, Asia (ex Japan) and North America) with a number of retail opportunities already under development.

SOUTHERN OCEAN

Southern Ocean is our family value-oriented brand. Southern Ocean is predominantly sold in New Zealand and mostly comprises smoked products. Southern Ocean was the third most recognised brand with total awareness of 50% in the recent Nielsen study referred to above.

OMEGA PLUS

Omega Plus is our premium pet food brand which was launched into a major New Zealand supermarket chain in late 2016. The brand currently caters to both dogs and cats using King salmon by-products as its number one ingredient.

4. Source: Nielsen – Regal Brand Health Benchmark Study, March 2016. Chilled smoked salmon category.
5. Source: Aztec MAT data to 8 May 2016.

 Written Comment No: 0482

CASE STUDY: OMEGA INNOVATIONS

Excerpt from Aquaculture New Zealand Magazine

Simon Thomas has gone from creating meals in the kitchen to cooking up a new range of products for New Zealand King Salmon, the former chef turned product developer has been charged with leading a new initiative to turn the company's by-products into higher value revenue streams. "Our core business is producing salmon for chefs in the world's best kitchens and discerning retail customers" Simon said.

"Of the 6,000 tonnes we produce each year, we are left with about 1,800 tonnes of gut, heads, trims, skins, bones, tails and frames.

Until recently, the vast majority of it was trucked to a meal plant and rendered to produce fish meal and an oil product. It is a low tech, low return disposal method and the cost of transportation eroded any profit.

> ***I believe in business there shouldn't be any waste and this was an area where there was a lot of room for improvement.***

As a team, we were quite keen to see how we could to see how we could better utilise those remaining raw materials."

And with that, Omega Innovations was born - a division at New Zealand King Salmon focused solely on the utilisation of by-products and remaining raw materials.

"We began with a period of exploration first, looking at what we had available and what we could potentially do with it. We narrowed it down to five different categories: fishing; burley, bait etc. pharmaceuticals and nutraceuticals; pet food, liquid fish fertilisers and keeping the status quo. We identified pretty quickly the ability to capture remaining raw materials at a high quality and our focus shifted to 'if we captured these very good quality products while they were still fit for human consumption - what could we do with them? The resulting answer was pet food."

"We have launched a new pet food brand, Omega Plus, with 21 products in the range. We've got dry dog and cat food, treats, wet dog and cat food cans and a salmon oil dietary supplement."

And like our retail and food service products, the pet food is attached to a premium brand.

We've got a unique proposition in that our Omega-3s are sea based, and the pet food itself is high in protein, with a raw, high grade salmon input with all the associated health benefits for animals.

We know from research that the pet food

industry is following, and, in some areas, leading human food trends. Customers are doing what they do for themselves and turning around the packs and reading the ingredients. So, what we have developed is a vet-quality food that's available at supermarkets.

As a division we have already created improvements and financial savings for the company just by changing the way we collected and dispatched our by-products.

We're committed to being sustainable and continually improving.

The team in the Omega Innovations division were all hired internally;

- Simon Thomas started at New Zealand King Salmon as a Product Technologist before becoming the Export Sales Manager and is now the Divisional Manager of Omega Innovations
- Katrina Beneke started at New Zealand King as Personal Assistant to COO before becoming the Brand Manager for Omega Plus
- Lance Toma has worked in Compliance and Processing and is now the Production Coordinator

Simon Thomas

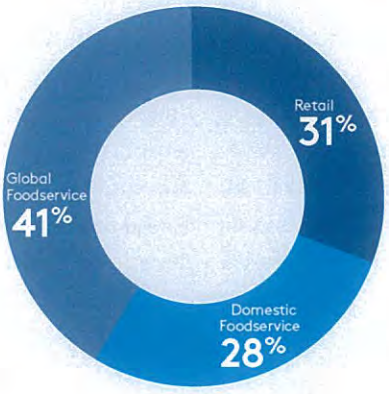
Due to the start-up nature of the innovation division there are a lot of development and research opportunities within the team - this has enabled interns to work alongside the team. Three interns so far have been given 'summer jobs' during their study to help with project work and to gain work experience.

DEMAND & FUTURE GROWTH PLANS

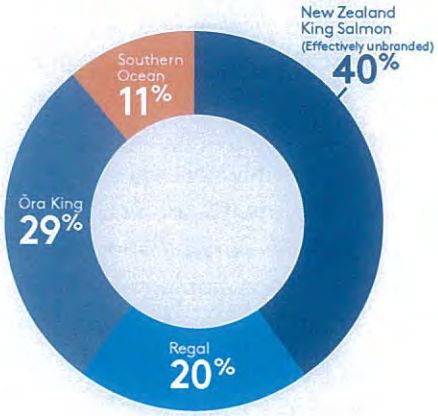
The charts show the composition of sales by channel and brand for the last financial year:

New Zealand King Salmon fosters strong relationships with its customers, including leading domestic and international chefs and New Zealand food writers and personalities who often become ambassadors for our products. In addition, we host an annual celebration event attended by chefs from around the world, the Ōra King Awards, to recognise leading chefs and creative dishes that use Ōra King salmon both domestically and abroad. The success of our Ōra King branding in the foodservice category has enabled us to decouple our pricing from movements in the commodity price for Norwegian Atlantic salmon. This is highlighted in the graph which shows the premium pricing received by us for our products.

Sales by channel ($, FY2016)



Sales by brand ($, FY2016)



New Zealand King Salmon – weighted average sales price per kilogram compared to the commodity price for Norwegian Atlantic salmon converted to New Zealand dollars, FY2012 to FY2016.[6]

New Zealand King Salmon has an extensive range of customers across a number of discerning markets. During FY2016, we sold our products to more than 280 customers across retail and foodservice channels in more than 15 countries. The needs of each customer and region differ slightly, however, customers can broadly be grouped into one of two key sales channels:

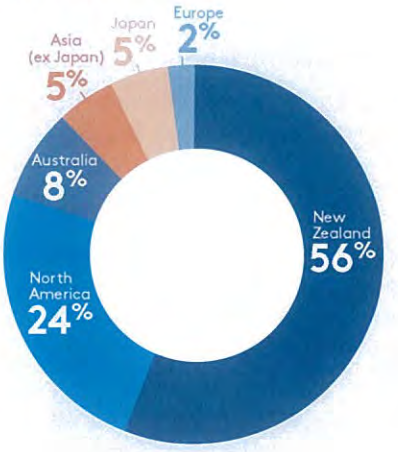
1. **Foodservice** (e.g. restaurants, caterers, and hotels) which represents approximately 69% of total sales. We generally sell foodservice customers whole fresh fish, pre-cut fillets and portions, and a range of smoked products, usually through distributors. Over 90% of our exports are airfreighted to achieve maximum freshness.
2. **Retail** (i.e. supermarkets) which represents approximately 31% of total sales. We sell pre-packed value-added products (including wood roasted and cold smoked product), whole fresh fish and pre-cut fillets to our retail customers.

6. Source: Fishpool.eu for Norwegian Atlantic Salmon commodity prices (average prices reflect the average commodity price across 52 weeks of data), converted to New Zealand dollars at the average daily closing New Zealand dollar:Norwegian kroner rate (Source: Capital IQ).

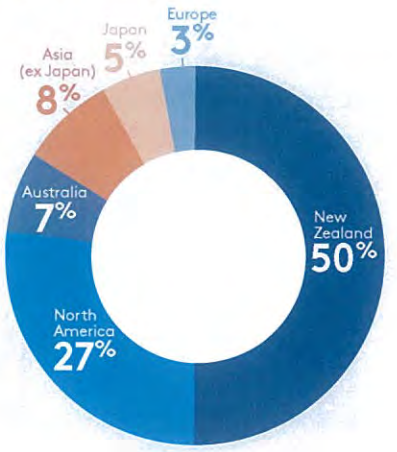
Our key sales markets are New Zealand, North America, Australia and Japan. We also have an emerging presence in Europe, China and Asia (ex Japan) that we intend to expand when additional production volumes from our new seafarms become available. We believe that one of our key strengths has been the ability to optimise returns by rebalancing sales to higher margin markets. We have historically been supply constrained in an environment where demand significantly exceeds supply. Notwithstanding an expected material increase in production, we believe that this demand and supply imbalance will continue. 41% of our production volume is sold internationally, generating 44% of our revenue. Our domestic and export sales strategy is to target an increase in export revenue from 44% to 59% by FY2021F.

While New Zealand Foodservice and Retail are important channels and will see a slight increase in growth, our focus is on export markets due to higher demand and margins. North America, Asia (exc Japan) and Europe are key markets where we expect significant growth. These markets demand the highest quality salmon with significant interest in the provenance of the New Zealand/Marlborough story and sustainable farming practices.

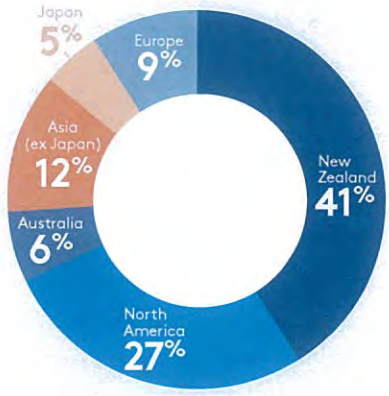
Sales by market ($, FY2016)



Forecast sales by market ($, FY2018F)



Target sales by market ($, FY2021F)



NEW ZEALAND'S EXPORTER ECONOMY

New Zealand King Salmon is considered an exporter of high growth by NZ Trade and Enterprise (NZTE), with significant international growth potential to deliver real benefits to the NZ economy. As a result New Zealand King Salmon has been selected as one of NZTE's Focus 700 companies, which are the companies that NZTE focuses on and works with intensively to help them increase their international success.

New Zealand needs larger, high value exporters for economic prosperity long term. It is only through exporting that NZ, with a small domestic market, can deliver the growth and productivity required to enhance wealth and create more jobs and higher wages. When businesses are able to access a larger market, they can benefit from economies of scale and grow their specialisation which helps stimulate productivity improvements and lift growth.

New Zealand currently depends on a handful of companies to produce most of our exports. Only 270 companies in NZ are exporting more than $25m/year and these companies account for 79% of NZ's exports. With nearly 50% of our business in export (approximately $57m revenue), New Zealand King Salmon certainly falls into this category.

UPDATE ON KEY FINANCIALS

The company has just published the interim financial report for the 6 months ended 31 December 2016. The Board confirmed a strong financial result, supported by New Zealand King Salmon's branding and market positioning strategy alongside on-target fish performance.

Key highlights include:

- Net profit after tax of $8.7 million, up 52% on the comparable six month period to 31 December 2015 (1H16)
- Pro forma operating EBITDA of $7.3 million
- 3,400 metric tonnes of gilled and gutted salmon sold, up 13% on 1H16
- Volumes exported up 19% on 1H16
- Successful IPO on the NZX Main Board and ASX raising $30 million to fund capital and working capital investment associated with our new sea farms and requisite processing infrastructure
- Premium branded strategy continues to drive demand in excess of available supply, underpinning improved value
- Salmon farming now underway at all three new sea farms
- First harvest from two of our three new sea farms
- Sales programme to China implemented in partnership with shareholder China Resources Ng Fung Ltd
- Successful launch of pet food range Omega Plus in South Island test market in September

LAYING A FOUNDATION FOR GROWTH

INTERNATIONAL INDUSTRY CONTEXT

Few coastlines across the globe possess the required characteristics (including temperature and water flow) for successful salmon farming. The other major salmon producing countries predominantly farm the Atlantic salmon species because it appears to be an easier species to farm. We believe the conditions required to successfully farm King salmon are even more scarce.

Establishing a salmon farming operation requires a significant capital investment, access to or the development of, specialised genetics from a breeding programme and specialist experience.

We have developed and refined our farming procedures in the Marlborough Sounds, including proactively developing Best Management Practice guidelines (BMP) with a broad range of local stakeholders to achieve optimal salmon production with lower environmental impact. We have also built a breeding programme over more than 20 years, which is difficult to replicate without considerable investment in expertise and time.

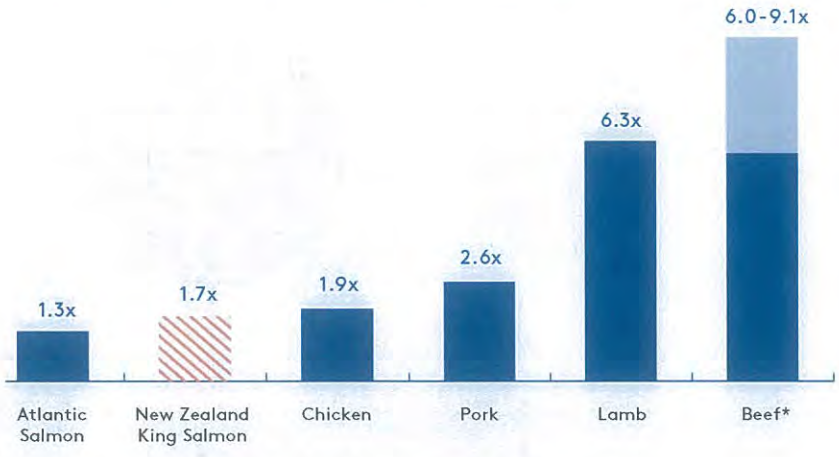
Regulation of aquaculture is monitored by regulatory bodies in all producing regions and consents can be difficult to obtain. We have been the most proactive in New Zealand at seeking new salmon consents and were successful in gaining three new seafarm consents in 2014.

Farmed salmon are an efficient form of protein production relative to other animal protein alternatives. Salmon are efficient to farm because they are cold-blooded and virtually weightless in water.

Feed conversion ratio (FCR) measures the efficiency of different protein production methods, calculated as the mass (in kg) of feed needed to increase the animal's body weight by one kg. The lower the FCR, the more efficiently feed is being converted to live weight. Our average FCR over the last five years of 1.7x outperforms land based animal farming alternatives such as pork, sheep and beef. However, the King salmon species has a less efficient FCR than Atlantic salmon, in part due to its higher fat content. The components of New Zealand King Salmon's feed have evolved over time. In 1990, fish meal and fish oil comprised 83% of global salmon aquaculture feed. Our feed currently comprises only 31% of these components, with the remainder substituted by vegetable and land-based animal by-products.

Salmon farming generally benchmarks favourably against its animal protein alternatives on most sustainability metrics, with the lowest arable land and irrigation water requirements of the farmed animal protein producers, and lower carbon footprint.

Feed conversion ratio of farmed animal protein production[7]



**The FCR of beef production has a range due to the varying types of feed used.*

7. Source: As to Atlantic salmon, Chicken, Pork and Beef, data from the Global Salmon Initiative Sustainability Report (2010); as to Lamb, data from Bjorkli, J. Protein and energy account in salmon, chicken, pig and lamb. M.Sc. Thesis, Norwegian University of Life Sciences (UMB), Norway (2002), cited by Skretting.

PRODUCTION AND LOCATION OF SALMON FARMING WORLDWIDE

Global salmon production and demand in 2014 was 3.4 million MT, of which 2.5 million MT (or 74%) was produced in aquaculture. Global salmon aquaculture production grew at an annual rate of 6% in the ten years to 2014. However, the growth in aquaculture production is expected to reduce to an annual rate of 3% in the period 2015 to 2020 as all major producing regions are encountering biological, regulatory or social constraints. If global catch volumes remain at current average volumes, global production growth will slow to an annual rate of 2.6% during that same period.

There are a number of factors expected to constrain future production:

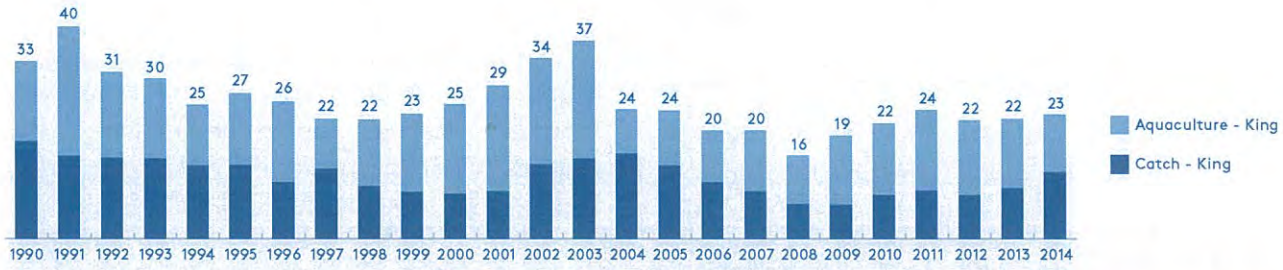
- Availability of suitable coastlines. Few coastlines across the globe are suitable for salmon farming. Ideal environments require suitable water temperatures and currents to exchange water, which tend to be found near archipelagos and fjords.
- Restrictions on new licences. Salmon farmers in key farming countries (including New Zealand, Norway, Chile, Scotland and Canada) have seen licence conditions and regulation increase.
- Biological boundaries. The Chilean salmon farming industry has suffered a number of biological issues, including outbreaks of disease and toxic algal blooms (a natural event), significantly reducing production growth from that region.

Some of these issues have caused the industry to review its practices and have led to calls for more stringent regulation. Similar issues could arise in other farming countries. In contrast to overall increases in global salmon production, total wild catch and aquaculture production of King salmon has decreased over the past 25 years. Production volumes were increasing in the late 1990s but reduced sharply in the mid 2000s following the exit of Marine Harvest in Canada. New Zealand King Salmon believes there are two key reasons why global production of King salmon has not increased:

- Research and understanding of King salmon aquaculture practices is less extensive than it is for Atlantic salmon. This can lead to worse outcomes for producers because aquaculture practices or feed may be suitable for one species but not another.
- Major international producers of salmon have focused on Atlantic salmon and developing scale in Atlantic salmon production to be successful in that market.

Coastlines suitable for salmon farming[8]

Global production of King salmon (aquaculture and wild catch, MT 000s)[9]



THE NORWEGIAN MODEL

New Zealand King Salmon has visited Norway many times as part of our ongoing review of salmon industry practices and technologies.

Norway is the world leader in salmon production. Although the Norwegian salmon industry is not a lot older than the New Zealand industry, it is over 100 times larger producing over 1.38 million mt of salmon and trout in 2015. The industry is viewed as well managed and demonstrates good environmental, social and economic attributes. Like New Zealand the first farms were established well inshore. Now the industry focus is turning to more exposed sites. Farms are part of the beautiful and extreme landscape in Norway and are often located close to other human activity.

Our understanding is that local provincial councils do work with local communities in relocating farms to more appropriate waterspace - New Zealand King Salmon team members visited such a farm in Norway in 2016, with the Mayor of the local province outlining the process by which relocation was achieved - similar concept to the MPI proposal in seeking optimum environmental, social and economic outcome, albeit slightly different mechanics in terms of regulation.

8. Source: Marine Harvest – Salmon Industry Handbook 2016.
9. Source: Food and Agriculture Organisation of the United Nations, FishstatJ 2014

THE NEW ZEALAND INDUSTRY - HISTORY

King salmon is the only salmon species farmed in New Zealand due to strict biosecurity laws prohibiting the introduction of live fish. Atlantic and Sockeye have been tried unsuccessfully.

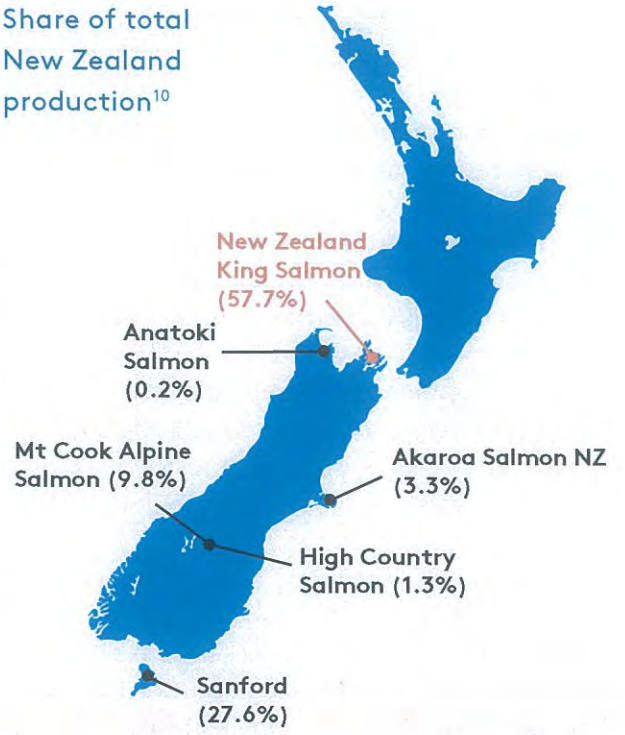
Currently there are six producers in the New Zealand market that collectively produced approximately 13,000 MT of King salmon in 2016. New Zealand currently produces an estimated 90% or more of total global farmed King salmon production. New Zealand King Salmon, Sanford and Akaroa, collectively accounting for 89% of domestic production, have their seafarms in saltwater, while the remaining producers farm in freshwater.

The industry started in freshwater, the first farm was established in 1976 at Te Waikoropupū Springs in Takaka. Other smaller operations were established at around the same time to investigate the potential to ocean ranch salmon, a process where fish were released to the wild to return later in life to the stream from where they were released. This was unsuccessful for a range of reasons.

The Takaka and Tentburn farms have continued to operate and today along with the Waiau hatchery are crucial to the operation of New Zealand King Salmon. Photoperiod control of broodstock is a recent development for the company that is showing good results producing out of season smolt thus contributing to year round salmon production.

In the 1980s the first salmon seafarms were developed in New Zealand including the Marlborough Sounds. In 1989 the first move to the Outer Sounds began with the farms in Hallam Cove moving to Waihinau Bay.

Share of total New Zealand production[10]



Top: Hatchery at Takaka. Bottom: Hallam Cove salmon farm 1980's

10. Source: New Zealand Salmon Farmers Association, 2015. In September 2016, Mt Cook Alpine Salmon acquired Aoraki Salmon.

Subsequently farms were established in Port Ligar and Forsyth Bay in the Pelorus Sound and in Otanerau Bay in the Queen Charlotte Sound. Higher flows at the time were treated warily as mooring design and pen structures were not designed for the higher flows.

The Te Pangu farm was first used in 1990 under an experimental licence. In 1992 it was granted a full licence but it was difficult to moor the farm safely, so it was not until 1994 that the farm was established permanently. However in March 2006 it broke its moorings and drifted into Tory Channel. It was later safely relocated back on site at Te Pangu with a considerably upgraded and secure mooring system. We learnt a lot from that episode and now with our engineers and mooring installers have a world class system coping easily with higher flow conditions.

The next farm to move into higher flows was Clay Point in 2007 using the improved mooring system.

Subsequently the three higher flow EPA sites were granted and are now growing fish. New Zealand King Salmon has clearly demonstrated that we have been moving to areas with better rearing conditions for our fish since the industry began. This relocation proposal is a continuation of a process begun in the 1980's when it was realised the early acquired sites were not ideal for farming salmon, many of these early sites have been abandoned for salmon farming such as in the Kenepuru and Hallam Cove.

Above: Waihinau Bay, early 1990's. Below: Clay point

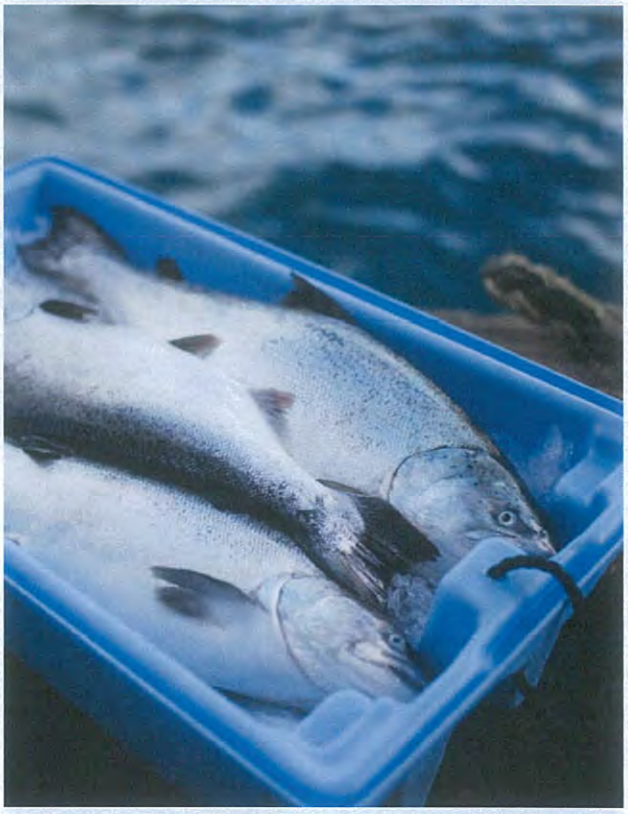
Moving from our lower flow locations without increasing the surface structure areas is an obvious and relatively straightforward improvement leading to better environmental social and economic benefits. We are confident farming in higher flow locations.

LEGISLATION

In New Zealand, consents and regulations for fish farming are primarily legislated under the Resource Management Act 1991 and the Fisheries Act 1996. The Ministry for Primary Industries and the Marlborough District Council administer the regulatory requirements and monitor consent holder activity and effects.

There are many other legislative requirements in addition to the RMA and Fisheries Act, these include:

- ACC
- Agricultural Compounds and Veterinary Medicines Act 1997
- Animal Products Act 1999
- Animal Welfare Act 1999
- Aquaculture Law Reform Legislation of 2011
- Biosecurity Act 1993
- Conservation Act 1987 and Reserves Act 1971 (for Waikoropupu Springs)
- Consumer, marketing and exporting law
- Employment legislation generally
- Fisheries Act 1996
- Food Act 2014
- Freshwater Fish Farming Regulations 1983 (technically part of the Fisheries Act 1996)
- Hazardous Substances and New Organisms Act 1996
- Health and Safety at Work Act 2015
- Heritage New Zealand Pouhere Taonga Act 2014
- Local Government Act 1974 and 2002
- Marine and Coastal Area (Takutai Moana) Act 2011
- Marine Mammals Protection Act 1978
- Marine Reserves Act 1971
- Maritime Transport Act 1994
- Maritime Rules Part 40C Design, Construction & Equipment - Non-SOLAS (Safety of Life at Sea) Non Passenger Ships
- Maritime Rules Part 91 Navigation Safety Rules
- Maritime Rules Part 21 Safe Ship Management (SSM)
- Maritime New Zealand Guidelines for Aquaculture Management Areas and Marine Farms, December 2005
- Road transport legislation
- Resource Management (Marine Pollution) Regulations 1998
- Securities, accounting, taxation and company legislation
- Ships Registration Act 1992
- The Building Act 2004
- Waste Minimisation Act 2008
- Wildlife Act 1953
- and others...



THE PROGRESS OF SALMON FARMING IN MARLBOROUGH OVER 30 YEARS

The last 30 years have brought us a long way. We have significantly improved what we know about our King salmon species, and how we farm our fish in that period.

Tentburn hatchery

OUR HATCHERIES

We operate three hatcheries across the South Island in Takaka, Tentburn and Waiau. The wide geographic dispersion of our hatcheries acts to mitigate the risk of disease or natural disaster. Our key hatcheries have ample water supply which we believe will facilitate any future expansion beyond our eight operational seafarms.

Takaka

Located immediately downstream from the Waikoropupu Springs in Golden Bay, the Takaka hatchery benefits from one of the clearest sources of freshwater in the world, bubbling from the ground at approximately 14,000 litres per second at a relatively stable temperature of just under 12°C - a great temperature for rearing salmon.

Operating under these consents conditions, the hatchery is New Zealand King Salmon's broodstock facility producing up to 7 million ova annually from the selective breeding programme and currently provides all of the ova requirements that are then hatched and on-grown in freshwater at the Tentburn and Waiau hatcheries to the smolt stage before being transported to the seafarms.

Tentburn

Close to the mouth of the Rakaia River, Tentburn was developed during the mid-1980s by The New Zealand Salmon Company Ltd. It was initially conceived as an ocean-ranching site whereby the salmon would be hatched and released to the ocean with the intent that they would return three years later as harvestable salmon.

Tentburn is a great facility for producing smolt for sea pen grow-out, with the main advantages being plentiful land area, good access and suitable freshwater supply.

Using technology developed in the United States, the Tentburn hatchery has 60 raceways, and water is continuously pumped from two spring fed streams. Two wells are also used at Tentburn to obtain better quality water for incubation and development of the smolt during the early stages of the lifecycle.

Waiau

Located between Rotherham and Waiau on SH70 in North Canterbury, the Waiau Hatchery was established in 1987 by the Amuri Salmon Company. The main water supply originates in springs 1km upstream that are fed from the Waiau river catchment and in addition there are three wells on site. The hatchery was purchased by New Zealand King Salmon in 2011. New Zealand King Salmon currently uses the hatchery as a backup for risk purposes, rearing 300,000 smolt per annum as well as broodstock, but it has the potential to produce up to 1,000,000 smolt.

OUR SEAFARMS

Until recently, we operated five seafarms based in the Marlborough Sounds, with three additional sites fallowed. In December 2014 three new consents were issued, each with a 35 year term, and in 2016 harvests took place at two of these seafarms, Waitata and Ngamahau. Unlike some of the existing seafarms (which are converted mussel farms), the new consents are for sites that were selected specifically for King salmon production, with characteristics (such as higher water currents) that will provide better production and environmental outcomes. We expect these new consents will enable us to approximately double existing production over time.

The map opposite shows the location of New Zealand King Salmon's seafarms. In the past we have successfully renewed all consents. The consent for our largest existing seafarm, Te Pangu, was successfully extended in January 2016 for a further 20 years to 2036, with Clay Point renewed for 20 years in November 2016. For both of these renewals, New Zealand King Salmon voluntarily adopted BMP as part of the renewal process.

Other sites are:

- Ruakaka Bay farm in Queen Charlotte Sound was established in 1985. Still retains Marine Farm Licence 1 (MFL1) status.
- Otanerau Bay farm was developed late 1989
- Waihinau Bay farm was relocated from Hallam Cove in 1989
- Forsyth Bay farm was converted from a mussel farm in 1994

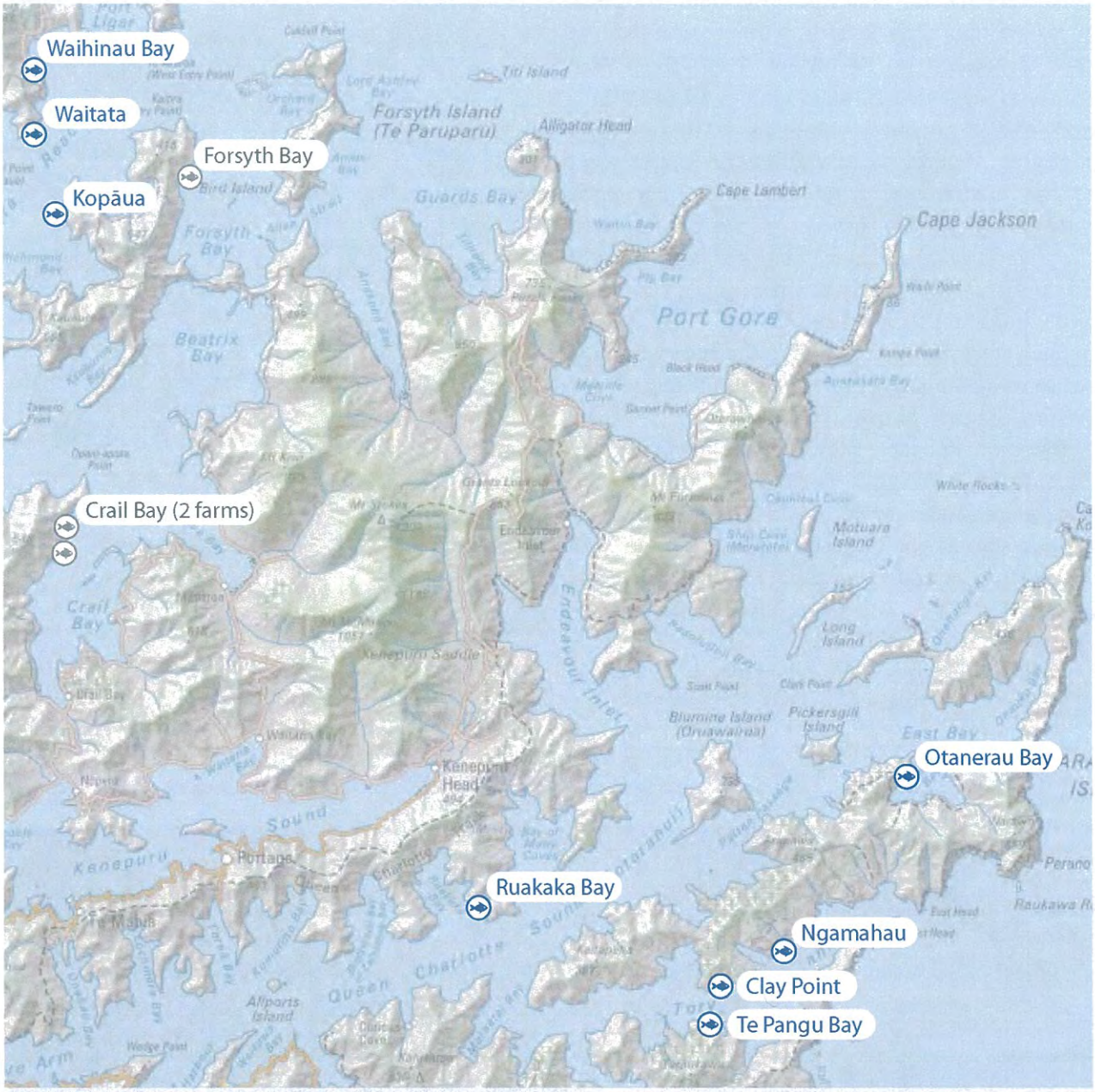
Crail Bay farms have been of transitional assistance to the company as they are suboptimal in terms of production ability. The more northern site (Li48) currently is fallow and the southern site (Li32) has mussel lines only.

Te Pangu Bay farm was established in the early 1990's in the cooler, high current flow of Tory Channel. The motivation behind this was to reduce the mortality of smolt during spring seen on the lower flow sites.

Waitata, Kopāua and Ngamahau are now operational, and performing well especially over the summer months with the higher flows providing more suitable conditions for the fish.

Kopāua salmon farm.

New Zealand King Salmon Seafarms



Legend

Operational

Fallowed

OUR SEA PENS

The first salmon pens were established in 1984 at Hallam Cove and Ruakaka. These were made from small galvanised pipe framed pens of 10m x 6m, and then 10m x 10m supported on mussel floats, with wooden walkways.

Sea pens have improved over the years to progressively larger pens of 20m x 20m through to the current size of 40m x 40m at Ngamahau which are made from spirally welded steel pontoons.

The wavemaster pens are flexible steel platforms supported on floats that are divided into sections to allow for wave action.

Plastic circles are commonly used in other parts of the world for farming salmon. They are ideal for locations that are more exposed and less visually intrusive.

Sea Pens:
1. Hallam Cove 1984, 2. Ruakaka 1984, 3. Te Pangu 1994, 25 x 25m, 30m x 30m, 4. Clay Point 2007, 30m x 30m, 5. Waitata 2016, 40m x 40m, 6. Huon (Tasmania) 2016, 78m diameter

VISUAL APPEARANCE

Through the adoption of dark recessive colours and lower profiles, salmon farms blend more readily into the Marlborough Sounds background. More recent consent conditions, including those from the EPA process, identified that farms should adopt these characteristics, although this is in conflict with the navigational requirements of the harbourmaster.

HARVEST

Photo of first harvest from Hallam Cove in the 1980's

Top to bottom: Pre iced tankers ready to receive stunned and bled salmon. Stack of insulated bins.

The first harvests were by hand, and numbered a few hundred fish using a dip net into an ice slurry. The harvest process is now very efficient using large pumps with automatic stunning and bleeding.

We are currently harvesting approximately 7,000-8,000 fish per day growing to 10,000 fish per day over the next couple of years. Producing fish of approximately even size year round requires significant short and long term planning and coordination that encompasses all aspects of the production cycle. This can be difficult especially when dealing with a living organism in ambient environmental conditions that can have a major impact on actual harvest outcome. Planning can be broken into several areas.

- Timing of the spawning of broodstock in freshwater
- Smolt entry size and timing which is linked to specific sites at certain times of the year. Some sites are unable to receive fish year round due to seasonal temperature issues. As noted above, New Zealand King Salmon is fortunate to have high flow Tory Channel sites available to cross subsidise the low flow sites during the summer period, albeit as a suboptimal process both operationally and financially. It is crucial to be able to spread entry timing and sizes across time periods to assist in this process and due to this factor, as well as best-practise biosecurity, it is also important to have sites situated over differing regions.
- Seawater site specific performance as some sites will have a superior performance to others in terms of growth rate
- Any seawater grading activities to move fish into differing size grades for on growing.

There are many other aspects that also need to be taken into account such as any feed discharge constraints from consent conditions or from compliance with BMP guidelines, pen availability issues for new smolt and any seasonal issues such as very high summer temperatures.

Harvested fish are now transported in large bulk tankers. For over 30 years large numbers of insulated bins have been used, changing to bulk tankers has greatly improved efficiency and our control of the cool chain for quality and food safety.

PROCESSING FACILITIES

This is where we process harvested salmon into finished products. Processing operations are based in Nelson, and employ approximately 240 employees. The core processing infrastructure capacity (for gutting, gilling and grading) is currently estimated at 7,500 MT per annum. This could be doubled by adding an extra shift for limited additional spend.

Top: Gutting conveyor in fresh factory. Bottom: Pin-boning in fresh factory.

FEEDING

Above: Roto-spreader in operation feeding the fish.
Right: Akva Smart computer programme running in seafarm office during feeding.

The first vessel in Hallam Cove was a 3.4m Parkercraft dinghy and feeding was conducted by hand using half a Janola bottle as a scoop from 30kg paper bags. Feeding is now very highly sophisticated with cameras, computers and blowers. Remote feeding of farms is carried out from other farm locations through the use of wireless technology.

Feed is the largest expense for the company. Feed type has changed since we started, from feeding pressed pellets to now using the more digestible and less wasteful extruded pellets. Increased substitution of marine origin raw material with land animal and plant based products is now the norm in order to lessen the demand on marine fisheries. A certain level of marine content is required in the diet to suit nutritional requirements.

PREDATOR MANAGEMENT

Predator nets are continually evolving to keep seals from accessing the farms. These completely surround each farm. Many other options were trialled over the years but predator nets are currently considered the most suitable option.

IMPROVED NETTING

In the 1980's the nets were made by local ladies on the tennis court in front of the company's house in the Marlborough Sounds and were relatively simple in design and manufacture. Today our nets are very large at up to 40m x 40m, made in commercial premises and attached to computer designed, sophisticated state-of-the-art steel structures. We also manufacture some nets in-house in Picton. This relocation proposal includes a recommendation for 78m diameter plastic circle type pens as used by Huon in Tasmania to be used for the Outer Pelorus sites.

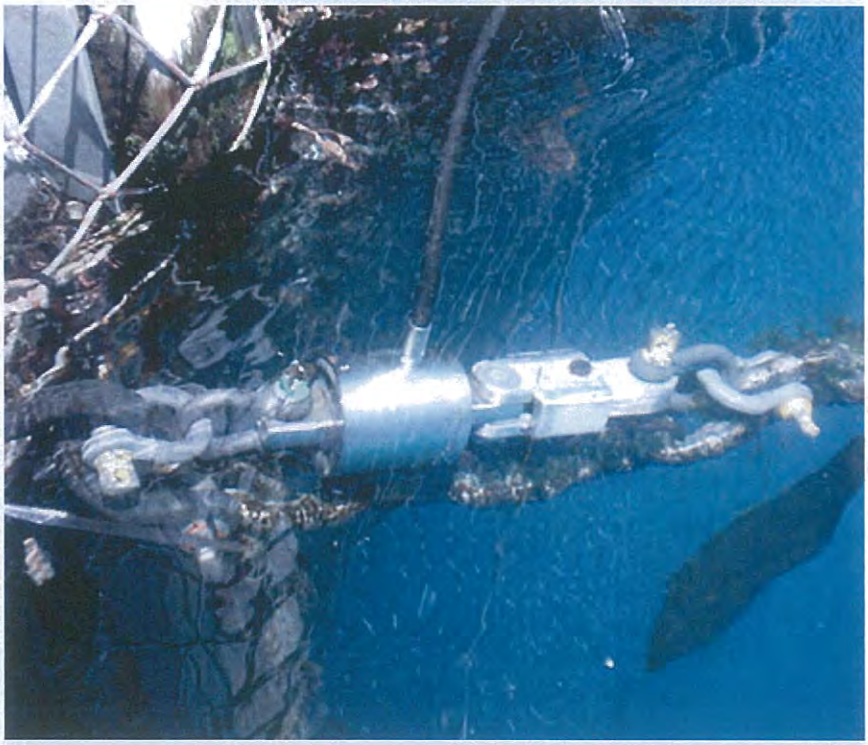
A new net material has recently been introduced on a farm in Tory Channel, this will enable faster net cleaning due to use of different material. In addition, the company is gradually phasing in black nets in place of traditional white nets as one of the measures to make the farms less visible.

NET CLEANING

Salmon nets are an ideal growing area for biofouling organisms, if left they can become so bad that water flow is reduced and extreme weight is placed on the floating structures. Net cleaning began with manual net changes and above-water high pressure water blasting. That process is all but phased out and now uses in-water net cleaning with remotely controlled pressure washing. This enables more regular cleaning of nets and reduces the labour required. New Zealand King Salmon no longer uses antifouling material on its nets.

MOORINGS

Mooring technology has improved considerably. The company first started using mussel farm technology involving large wedge shaped concrete blocks, ground chain and mooring rope, these had a tendency to drag across the seafloor. All moorings are now well tested utilising screw anchor technology with appropriate management processes for monitoring and management. Included on the higher flow farms is a requirement to monitor the mooring load through the use of load cells, all of this a significant improvement in the safety and security of all of our marine farms.



Mooring with load cell

UNDERWATER LIGHTS

Salmon use day-length to trigger maturation, using lights (as is done in freshwater to synchronise maturation) the fish can be reared without the natural photoperiod trigger. The use of underwater lights has proven a major advantage in that maturation has been significantly reduced from up to 50% to currently less than 5%, allowing a harvest of a larger number of fish and consistent year round supply. The company is continuing to commission these across all of its sites.

REMOTE TECHNOLOGY

Recent acquisition of a remotely controlled vehicle (ROV) is now enabling in water investigation of the farms, fish and benthic environment without divers, a better solution from a health and safety perspective, but also for more regular monitoring at a lower cost.

COMPLIANCE

Consenting has evolved over the years; in the 1980's it was a simple template type application with very little substantiating information whereas now it's a very major process with an increasingly sophisticated and detailed amount of information and scientific expertise required. The EPA process for obtaining the three sites was expensive, contentious and challenging for all parties. An outcome of that process was we have 84 consent conditions on each of those three sites which we need to comply with. More recently the Clay Point and Te Pangu consents have 40 and 38 conditions respectively. On a day to day basis the complexity of dealing with the variety and extent of consent conditions is difficult.

To monitor compliance with consent conditions, reviews of the environmental effects are undertaken annually by independent scientists and reported to Council. Those reports are then subject to scrutiny by Council scientific and technical officers, and often subject to external peer review. A number

of consent conditions provide for an adaptive management process, which allow us to respond to monitoring results by adapting our operations in a manner that will ensure we are or will be compliant with consent conditions within agreed timeframes. Monitoring results have shown that our seafarms are in overall compliance with the environmental quality standards contained in individual current consents. With our support, the BMP guidelines have been developed to apply across all of our seafarms, drawing on international science, and we are now in the process of implementation. This relocation process is one step in that process. BMP sets out the standards by which the effects on the seabed can be monitored and managed. BMP guidelines for water quality are being developed with scientists, and we expect these to be implemented within 1 - 2 years.

To facilitate the transition to benthic best practice, all seafarms are already tested against this performance criteria. These guidelines will form part of consent conditions, at the latest when existing consents are renewed.

We have begun the process. BMP has been recently implemented in conditions on Clay Point and Te Pangu. Minor operational adjustments have been implemented at Te Pangu as a result of the 2015 monitoring results (which do not adversely affect the economics of the operation of the seafarm). Results from 2016/2017 monitoring are not available at the time of writing this submission.

While the Otanerau and Forsyth seafarms are recognised as complying with their consent conditions (and have been rated compliant by the Marlborough District Council), those farms do not comply with the BMP at the present time. The Ministry for Primary Industries and the Marlborough District Council are working with New Zealand King Salmon and the community to improve the environmental, social and economic performance of these seafarms. In order to comply with BMP a significant reduction in feed discharge is required to reduce benthic effect. New Zealand King Salmon's practice has been to work closely with the Marlborough District Council to ensure acceptable environmental performance at our seafarms. That practice will continue.

MANAGEMENT PLANS

The company has a range of management plans as part of its normal operations across all of its sites, and all could readily apply to any future sites. These include:

- Biosecurity Management Plan
- Emergency Procedures Contingency Plan (Draft)
- King Shag Management Plan
- Marine Mammals and Protected Shark Management Plan
- Navigation Risk Reduction and Safety Management Plan
- Residential Amenity Management Plan
- Solid Waste Management Plan
- Staff Recruitment and Training Management Plan
- Wildlife Nuisance Management Plan

Marine Mammals Management Plan - Seal on the pontoons

KING SHAG

We currently have conditions on the two sites in Pelorus (Kopāua and Waitata) granted through the EPA process that include a King Shag Management Plan. That Management Plan includes obligations to survey, what to do in the event there is a statistically significant decline in the population and a response mechanism if it is found to be causing the decline. New Zealand King Salmon uses that Management Plan across all of its sites in the Pelorus and Queen Charlotte Sounds.

New Zealand King Salmon contracted ornithologist Rob Schuckard to write the draft Plan which was subsequently reviewed by the Department of Conservation, Marlborough District Council and New Zealand King Salmon. The first survey was ground-breaking in that an aerial survey using a high resolution camera from a fixed wing aeroplane which enabled a very accurate count to be undertaken.

> ***This gave a count of 839 birds when previous on water counts by boat estimated the population to be around 650.***

The next count is proposed for February 2018 however an outcome of the recent King Shag workshop identified a possible need for earlier surveys to which New Zealand King Salmon will contribute. We expect to be able to use the King Shag Management Plan and any revisions thereof (as allowed for in the Plan) on the relocated sites.

New Zealand King Shag (Leucocarbo carunculatus)

New Zealand King Salmon has been part of a recent industry workshop that included industry participants and the Department of Conservation, MPI and Rob Schuckard. New Zealand King Salmon is firmly committed to ensuring the survival of the species and has agreed to participate in future investigations as proposed at that workshop such as increased numbers of population surveys, DNA surveillance, electronic monitoring and any other work.

ACCREDITATION

New Zealand King Salmon has the international Best Aquaculture Practice (BAP) accreditation for all of its hatcheries, seafarms and processing facilities achieving a 3 star accreditation, the first in Australasia to achieve this level. BAP is the world's most comprehensive third-party aquaculture certification program, with standards covering environmental responsibility, social responsibility, food safety, animal health and welfare and traceability. At the end of September 2016, there were 1,434 BAP-certified processing plants, farms, hatcheries and feed mills worldwide. New Zealand King Salmon has been certified by BAP since 2013.

The company was one of the first to sign up to the Aquaculture New Zealand aquaculture industry standard A+.

The New Zealand salmon industry was the first and only ocean farmed salmon producing region to attain the 'Best Choice' (green) accreditation in the Monterey Bay Aquarium Seafood Watch sustainability guide in 2015. Monterey Bay is generally regarded as a global leader in sustainable seafood guides and has rated approximately 90% of global sea farmed salmon aquaculture systems. Of those reviewed, less than 1% have been rated green.

New Zealand King Salmon has signed up to implement Aquaculture Stewardship Council (ASC) accreditation by 2020 through the Global Salmon Initiative (GSI).

THE FUTURE OPPORTUNITY

AQUACULTURE IS VITAL FOR FUTURE FOOD SUPPLY

> ***"We must plant the sea and herd its animals using the sea as farmers instead of hunters". Jacques Cousteau, 1971.***

The salmon aquaculture industry began about 40 years ago to help meet the rising demand for salmon, mainly in Europe, the United States, and Japan. About 60% of the salmon we eat worldwide comes from farms. This US$5.4bn industry generates almost two million metric tons of farmed salmon each year.

The aquaculture industry is expected to grow further. According to a 2009 report from the United Nations Food and Agriculture Organization, most of the increase in seafood production will be seen in the aquaculture industry, given that much of the world's marine fish stocks are either fully exploited or overfished.

> ***As demand for farmed seafood increases on a finite planet with limited resources, production systems will have to become more efficient and do more with less.***

Around five years ago, global aquaculture production surpassed wild caught as the primary source of seafood consumed by humans. Two years ago aquaculture production, by volume, surpassed global beef production.

The relatively rapid expansion of salmon farming has not come without impacts. It is important to understand the potential effects and have good management systems and practices in place for minimal impact.

> ***As the industry has developed, so too have the learnings around how to manage the impacts of salmon farming for efficient, but sustainable aquaculture.***

Country of origin, species farmed, local regulations and each individual company's management decisions need to be taken into account when assessing salmon farming in today's context. Perceptions in the consumer arena are changing slowly as educated consumers move away from outdated beliefs that "all salmon farming is bad" and seek information on a supplier-by-supplier basis.

Aquaculture has become so critical to the world's future food supply that key environmental non-government organisations (eNGOs), such as the World Wildlife Fund (WWF) and Norway's Bellona Foundation are getting involved to help guide sustainable growth and set standards for best practice.

The Bellona Foundation (bellona.org) has conducted in-depth research into the future of the world's food and aquaculture's contribution.

> ***Carbon footprint studies show salmon as a low-impact protein compared to other proteins, and the aquaculture industry as a lesser footprint on the world's land and sea resources. Bellona state "the green revolution is now blue".***

WWF's involvement in aquaculture and food production generally is based on the growing acknowledgement that addressing key global

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threats to the planet is key to protecting species and the environment. WWF identifies and analyzes global trends, threats and opportunities for conservation. Increasingly this means looking at where and how people make a living and use resources to produce food.

Dr Jason Clay, Senior Vice President, Food and Markets, World Wildlife Fund (WWF) explains - "Our goal is to figure out how to produce more with less land, less water and less pollution, so we won't be the only species left living on this planet. If we want to save species, stop deforestation, and preserve nature for the good of biodiversity and humans, there's one thing we've got to get right above all else: where and how we produce food."

WWF is increasingly working with food producers and players in market chains to help them identify what they can do, rather than what they can't or shouldn't do. Globally, WWF is concerned about the impacts of fishing—the only hunting and gathering activity around the world that has survived on such a scale. That is why WWF helped establish the Marine Stewardship Council (MSC) to guide the management of wild fisheries worldwide, and that that is why they have become interested in aquaculture as well.

WWF states that aquaculture holds great promise. It is not only the fastest growing food production system globally; it has the potential to take pressure off wild fisheries.

Most of the internationally traded tilapia, catfish, trout, salmon, mussels, oysters, clams, scallops, abalone and many types of seaweed are produced by aquaculture. Although there are problems, intensive aquaculture is still in its infancy as an industry. In just 40 years great strides have been made to reduce impacts. WWF's goal is to help reduce the impacts of aquaculture even more by making producers more sustainable—not putting them out of business. WWF state "we would like to see them still in business in 30 to 50 years. All human activities have impacts. Aquaculture is no different."

Through this focus on aquaculture, WWF has identified six key environmental effects of salmon aquaculture to work on with industry.

- Siting and carrying capacity
- Nutrient loading and benthic impacts
- Escapes
- Disease
- Increased pressure on wild fishers (feed, harvest, markets)
- Chemical Inputs

With WWF's support, the industry itself has also committed to better collaboration between salmon farmers, and this can be seen through the establishment of the Global Salmon Initiative (GSI) in 2012. The Global Salmon Initiative (GSI) is a leadership initiative by global farmed salmon producers, focused on making significant progress towards fully realizing a shared goal of providing a highly sustainable source of healthy protein to feed a growing population, while minimizing the industry's environmental footprint, and continuing to improve their social contribution. New Zealand King Salmon joined as a member of GSI in 2014, the first Southern Hemisphere salmon farmer to participate in this global group.

The 15 member companies, representing 70% of global farmed production, have committed that 100% of their production will be certified by the Aquaculture Stewardship Council by 2020. This should measurably reduce the impact of salmon production on some of the world's most ecologically important regions.

WWF's Vice-President of Food and Systems, Dr Jason Clay, visited NZ in 2016 to speak to food producers, government and interested consumers interested in sustainability at a variety of forums. Dr Clay made a special trip to Marlborough to deliver a speech open to all-comers. There were some key facts in Dr Clay's speech that were startling to take in:

1. In the next 40 years, we will need the same amount of food as the last 8000 years
2. 60% of land for food production is dedicated to the 1.3% of beef produced
3. Aquaculture is part of the solution to be more productive, more efficient, waste less and manage consumption.
4. Seafood currently makes up 1% of global calorie intake.
5. Seafood demand is expected to increase by 35% in the next 20 years
6. We've had 6000 years of agriculture, and around 40 years of aquaculture – there's a steep learning curve we must all climb together.
7. To achieve the 2050 forecasts for seafood consumption we must reduce waste, improve management of wild stocks, and achieve a 5% yearly increase in aquaculture production worldwide.

FUTURE FACILITIES: A VISION

New Zealand King Salmon has been growing salmon in the Marlborough Sounds for 30 years, however, with the company's head office and processing plants based in Nelson, we've been seen as more of a 'Nelson company'.

We are keen to change that perception and to strengthen the company's reputation in the community in Marlborough. With our growth plans we have the ability to grow in Marlborough, but also to maintain our operations in Nelson to provide the value-added processing we have become known for. We will be more of a 'Top of the South' business if our growth plans are realised.

In anticipation of growth, New Zealand King Salmon has carried out a review of its operations and a 'vision' is being set out to take the company through the next decades. The objective behind the vision is to keep New Zealand King Salmon efficient by optimising use of infrastructure and assets. Given that Picton is on the main freight corridor it makes sense that more of the company's operations will gravitate toward Marlborough.

New Zealand King Salmon employment in Marlborough will naturally grow with the scale of the company's operations. The company is internally targeting an initial move of primary processing from March 2018, however no decision has been made as yet. This move would create around 30 positions. As previously expressed, the downstream utilisation of by-products such as burley and pet food would then logically occur in Marlborough. New Zealand King Salmon has a vision which includes additional utilisation of by-products. It is far too early to speculate on what scale these might be, though they could be significant.

FUTURE EMPLOYMENT AND REGIONAL GDP

According to an independent PricewaterhouseCoopers (PwC) report, our seawater farms alone currently contribute $15.9m GDP and 236 FTEs to the Nelson and Marlborough economies annually. The analysis also estimates that each incremental 100 tonnes produced will bring $0.45m and 4.7 FTEs to the Nelson and Marlborough economies.

PWC ESTIMATES FOR CURRENT AND PROJECTED GDP AND FTES FOR REGION

Key measures	Old sites	All six new sites once fully commissioned	Incremental gain
Tonnage	2207	10824	8617
GDP Direct $m	6.3	31	24.7
GDP Total $m	10	49.2	39.2
Direct FTE	68	329	261
Total FTE	105	512	407

If existing sites were expected to conform to BMP in future, PwC estimate a decrease in annual regional GDP by at least $3.6m and an equivalent minimum decrease of 38 FTEs. In reality, BMP guidelines will require a period of fallowing beore re-occupation of each site. This would result in the loss of up to $10 million GDP and 105 FTEs, depending on the number of site requiring fallowing.

However, if all six sites were approved for relocation, incremental gains (taking into account existing production at surrendered sites) at full commissioning would be $39.2 million GDP and 407 FTEs in the region annually. Commissioning is expected to occur over a 15-20 year period in a staged approach, as consent conditions and capital permit, so the sites would not be fully active until around 2032.

FTEs (jobs) attributable to the full commissioning of the sites are estimated by PwC to total 512, inclusive of other jobs that flow-on from the operations in the region. Direct FTE's (jobs) working for New Zealand King Salmon once the sites are fully up and running are estimated at 329, adding 261 to the business's headcount, after accounting for existing jobs attributable to the vacated sites. These figures are modelled by PwC on existing information and the existing operating context.

The company envisages that other future factors will influence the growth of employee numbers at New Zealand King Salmon - such as the extension of the product mix into new categories including pet food, nutraceuticals, fertiliser, a growing demand for value-added fresh salmon cuts and smoked products requiring further processing, and a changing operational context with the possibility of some automation. Although automation may reduce the number of jobs by replacing manual labour, we anticipate that a significant net gain in jobs will still be achieved, as roles are filled in more highly skilled areas that evolve with the company's needs - such as process engineers, or in-house nutritionists to cater for the enhanced health messaging we expect to see built into our products, or more new product development team members.

Our expectation is that once full use of consented waterspace is achieved - namely, current consented water space, the fully commissioned six sites under consultation, and the remainder of growth still to come from the three sites consented in the EPA process, the company will grow to approximately 900 in headcount. This will equate to approximately 20,000 metric tonnes and nearly $400 million revenue in a time frame of 15-20 years.

In the Top of the South region we expect headcount will eventually equate to around 400 people in each region ie. Nelson/Tasman 400 and Marlborough 400. The additional 100 employees are expected to reside in locations to service our freshwater operations and in sales markets around NZ and internationally.

FUTURE OPPORTUNITIES IN SALMON FARMING

The salmon aquaculture industry is not going away. Over the past thirty years, tremendous gains have been made to reduce its impacts and improve efficiency. This section addresses what salmon farming in Marlborough could look like in future years.

OFFSHORE AND LANDBASED

Moving to an offshore location will occur sometime in the future, perhaps up to 10 years away. The potential opportunity is huge however there are currently no commercial farms worldwide that are located in true offshore conditions (rated for waves up to 12m), the technology is developing but at this time the risks are too high and the technology expensive. Climate change is showing some very extreme climate conditions. The potential to lose a whole farm and the risk to plant and equipment, vessels and employees is too great.

Landbased aquaculture is normally associated with recirculation technology. Although there have been many attempts at landbased farming none to our knowledge have been successful on a large commercial scale. The energy costs required to recirculate and manage temperature of the water are prohibitive using current technology. We believe many of the smaller operations are heavily subsidised and uneconomic.

Pens in wild water - photo from internet

BIOSECURITY

Single year class is part of the requirement for the Aquaculture Stewardship Council accreditation (ASC) which we are seeking to achieve by 2020. Single year class operations are recognised as the best practice method to operate from a biosecurity perspective. By farming each site to a single year class it is possible to break any potential disease cycle. This can be done by short term fallowing (weeks / months). To implement single year class operations in an effective and appropriate way many spare sites are required, effectively each site is required to be duplicated to allow continuous production to occur (otherwise production is every second year).

The impact of attempting single year class sites on current locations would have severe economic impacts as the volume of salmon available to be farmed would reduce significantly, nonetheless New Zealand King Salmon has implemented single year class in its Pelorus sites during 2016.

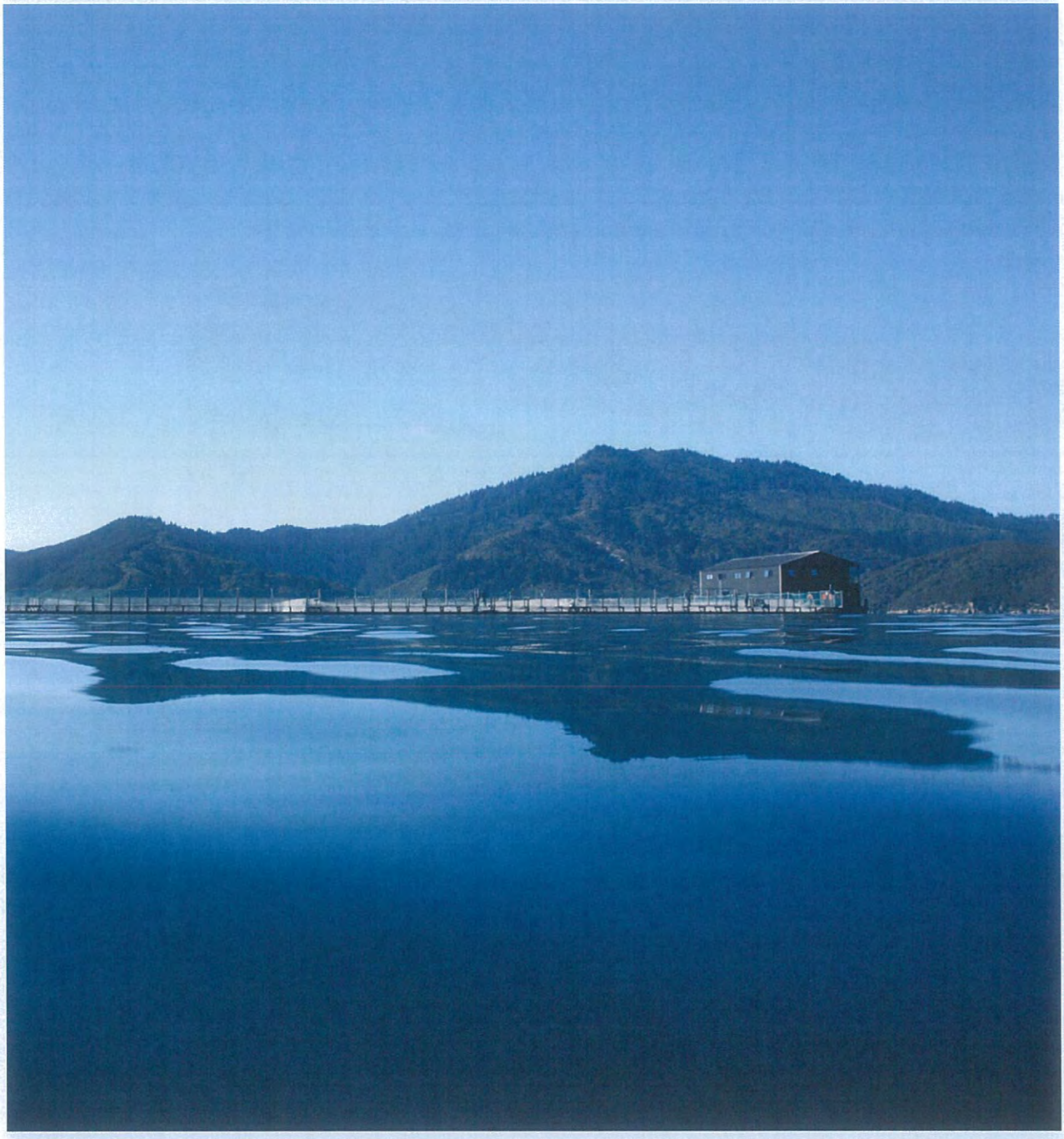
FULL USE OF ALL OF THE SALMON

Although we are always seeking to minimise mortalities, deaths are a natural phenomenon of all living populations. Mortalities on the farms are currently collected and rendered into meal.

In future, New Zealand King Salmon proposes to have on-farm ensilage equipment that turns dead

fish into a liquid suitable for a range of products including stock food and fertiliser with the first of these ensilage systems being installed later this year. The ensilage system will also reduce odours around the farm sites.

From the 6,000 tonnes that we produce every year, around 1,800 tonnes are left which includes gut, heads, trims, skin, bones, tails and frames. The vast majority of this was going to a meal plant and rendered to produce fish meal and an oil product. This is a low tech, low return disposal method and the cost of transportation eroded any profit. Now, a large amount of the higher grade secondary raw materials from the processing plants producing our main product lines is utilised either in our new pet food line Omega Plus (as outlined in the Brands section above) or as sterilised burley. We will continue to improve utilisation of our by-products by introducing new products such as liquid fertiliser, compost and nutraceuticals.



Clay Point Farm

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OUR PEOPLE

This section demonstrates how we look after our team members and the benefits we provide. If six sites are approved, prosperity for the company and team will improve, allowing more jobs for the region and the ability to invest further in our people.

Our people are skilled and dedicated to excellence; they are the reason New Zealand King Salmon is an internationally respected seafood enterprise.

New Zealand King Salmon currently employs 452 team members - the majority based in the Top of the South - approximately 100 in Marlborough and 334 in Nelson and Takaka. New Zealand King Salmon is one of the largest single employers in the region. This does not include flow on jobs where New Zealand King Salmon directly contributes to suppliers such as water taxis and local engineers.

DIVISIONS

As a vertically integrated company, we need people with diverse backgrounds and skills to work in our various divisions, from our hatcheries through to the final dispatch to market. We have six main divisions with a variety of roles and career opportunities.

Aquaculture

This division includes; eight operational sea farm sites in the Marlborough Sounds, three hatcheries in Golden Bay and Canterbury, and an aquaculture office in Picton. Aquaculture is split into Freshwater and Seawater Operations, with the Seawater Operations including: Harvest and Field teams, Regional Site teams, Fish Performance and Engineering. A quarter of our staff are employed in the Aquaculture division.

Processing

This division includes two HACCP approved, purpose built processing facilities in Nelson involved in the primary and value added processing of our salmon products. The Processing division also includes Engineering and Quality and Compliance. Over half of our staff are employed in this division.

Based in the Top of the South, the aquaculture and processing team is led by Ruben Alvarez, Chief Operating Officer. Ruben joined New Zealand King Salmon in 2014. Ruben has more than 25 years of aquaculture experience across multiple countries (including Norway, Scotland and Saudi Arabia) and also includes roles with the world's largest salmon producer, Marine Harvest. Ruben's experience includes roles within both freshwater and seawater operations, as well as other technical operations. During his time as Chief Operating Officer at New Zealand King Salmon, Ruben has implemented photoperiod broodstock, decreased runts and increased the harvest size of fish.

Supply Chain

The Supply chain division is based in Nelson. Supply chain includes Production Planning, Logistics, Coldstore and Pick n Pack/Dispatch teams, Procurement, Customer Services Team and ICT.

The Supply Chain team is led by Shaun Young who has been with New Zealand King Salmon since 2008. He was based in Auckland as General Manager Retail Sales & Marketing before moving to Nelson in early 2015 to take up the role of General Manager Supply Chain.

Sales, Marketing & New Product Development (NPD)

Our Sales, Marketing and NPD teams are grouped by market and by channel: Foodservice and Retail. International Sales and Marketing is managed from our head office in Nelson, while New Zealand Sales and Marketing is managed from our Auckland office in addition to our Nelson office. We also have various Sales Representative arrangements in markets around the world. Our Product Development team is based in Nelson and coordinate their activity between the Sales and Marketing and Processing divisions.

The sales team is led by Graeme Tregidga who joined New Zealand King Salmon in 2004, and the Marketing and NPD teams are led by Jemma McCowan who joined New Zealand King Salmon in 2012 to launch the Ōra King brand in New Zealand and abroad. Both SLT members are based in Nelson.

Corporate Services

Based in our head office in Nelson, the Corporate Services division is responsible for the Finance, Human Resources.

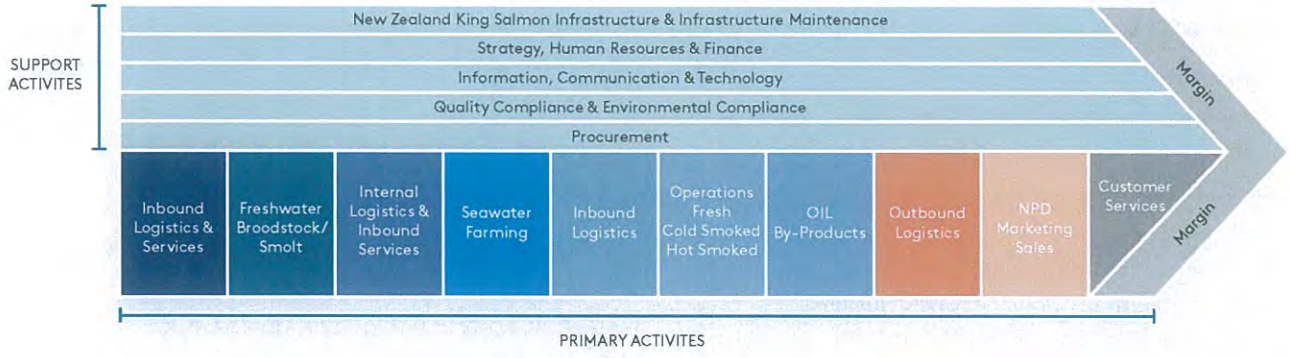
Nelson based Andrew Clark (CFO), leads the Corporate Services team. Andrew joined New Zealand King Salmon in 2011. His previous roles include 17 years in the dairy industry where he occupied a number of senior finance roles in New Zealand, the United States, Venezuela and Uruguay.

Also based in Nelson is our CEO, Grant Rosewarne. Grant was appointed CEO of New Zealand King Salmon in 2009. During his time as CEO, Grant has focused on lifting New Zealand King Salmon's unique products from a premium commodity to a worldwide branded food delicacy. Originally from Australia, Grant recently became a New Zealand citizen and is proud to call the Top of the South his home.

All Senior Leadership Team (SLT) members are based in the Top of the South and bring world class knowledge and leadership not only to the company but to the region. SLT are visible throughout the company and approachable by all team members and have an 'open door' policy.

Omega Innovations

A separate division based in Nelson solely created to find solutions to create margin from our by-products.



BENEFITS

According to a study conducted by MPI in 2015, our team members were reported to have a salary above the regional median average. While most team members already achieve above the New Zealand living wage, there are some who sit below this. New Zealand King Salmon is working towards achieving the living wage for all team members in future.

The report also indicated a high level of job security with 89% permanent employees. Job satisfaction was also high in the MPI report with most team members commenting on their high level of satisfaction. A frequent unsolicited comment from visitors to our sites, is that our team members are passionate about what we do at New Zealand King Salmon.

In addition to a fair salary and job security, job satisfaction can be attributed to additional non financial benefits that New Zealand King Salmon offers its team members. Examples of non financial benefits include our dedication to Health, Safety and Wellness, training and development, and opportunities for internal promotion within the company.

When shares were issued in October 2016, the Company established an employee share ownership plan (ESOP), under which eligible employees of the Company and its subsidiaries (the Group) were offered financial assistance in the form of an interest free loan to acquire shares in the Company at the same price as shares offered under the IPO. Between this plan and a share-based long term incentive plan for a number of key managers, around 60 team members are shareholders in New Zealand King Salmon.

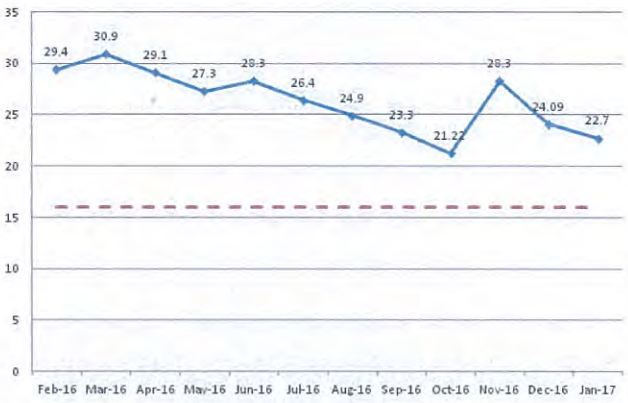
HEALTH & SAFETY

The Health, Safety & Wellness of all team members, contractors and visitors at New Zealand King Salmon is an absolute priority for the organisation. We want to ensure that everyone comes to work and goes home safely to their families at the end of each day.

Our lead measure of our safety performance is Lost Time Injury Frequency Rate (LTIFR). In the short term we have set a target of an LTIFR of 16 by the end of FY17. Ultimately our goal is to have this number at zero and will continuously work toward that number.

As part of New Zealand King Salmon's commitment to maintaining a safe and healthy working environment and reducing the LTI numbers, the business has been trialing a charity scheme in our Ready-To-Eat (RTE) Cold Smoked factory. If successful, this scheme is likely to be rolled out across the business in due course. The scheme's objective is to provide a local charity with a monthly donation, which is based on the efforts of the various teams within the RTE Cold Smoke area. At the start of the month each team selects a charity that they wish to donate to. So far the RTE Cold Smoke factory has raised almost $4,000 for local charities overall.

LTIFR
(Lost Time Incident Frequency Rate)



The teams have target areas that are measured during the month, these three areas are:

- Health and safety - Near Misses, Positive Behaviors, LTI's
- Days of sick leave taken

Perhaps our two biggest initiatives to promote Health, Safety and Wellness are our Way We Work and Positive Safety Awards. Our Way We Work policy is a central document that demonstrates ideal behaviours at New Zealand King Salmon.

We launched our Way We Work Awards in May 2014 as a direct result of the feedback from our 2013 Kenexa Engagement Survey. The survey indicated that we were not recognising people for demonstrating extra effort. Each month team members nominate someone within the business who has demonstrated these behaviors - winners receive a paid days leave and recognition from the company. Following the success of Way We Work we also introduced the same prize for those who are demonstrating positive safety behaviours.

In addition to these initiatives other examples of Health, Safety and Wellness include the following;

- Introducing complimentary fresh fruit into some areas of the business
- Providing funded physiotherapy visits
- Making gym equipment available to the seafarms when requested and appropriate
- Improving tea room/lunch room facilities
- Providing an on site counsellor for processing & EAP Counselling Services
- ACC WSMP Tertiary re-accreditation
- Health & Safety Representative (HSR) Conference twice per year
- Strong focus on higher risk areas
- New Contractor Management - software in development - encourages them to become more safety conscious
- Planned ICAM event investigation training for HSR - root cause
- Changes/development of iSafe - our safety reporting software
- Post earthquake review and corrective actions
- Health & Safety videos
- Bike to work day
- Defensive driving courses for those who travel for work
- Medical insurance

A recent Health, Safety & Wellness example is the reduction of loads for manual handling (salt and sugar in RTE) - the supplier previously supplied 25kg bags which was difficult for our team members to carry. We suggested to the supplier to reduce the size of the bags to 15kg to make it safer and more manageable. The supplier agreed and has made the change nationwide which will improve other workplace safety environments.

TRAINING & DEVELOPMENT

We invest heavily in training and developing our team members to reach their full potential. Each year, divisions set aside budget especially for these exercises. This budget has increased year on year. Examples of training and development include;

- Teaching English to Processing team members where English is not their first language
- Shift workers are given opportunities to be taken through a Seafood Unit Standard
- Commercial dive training
- Attendance at workshops, courses and conferences such as the recent Women in Seafood breakfast hosted in Nelson
- Support for additional tertiary education by allowing for flexible work hours to attend class
- Giving people the opportunity and funding to get professionally accredited. e.g Chartered Accountancy
- Awareness of the characteristics of Kiwi culture effects on business using local HR firm
- Leadership development
- Courageous conversations

On top of the official training courses and development programmes we are continually training our team members internally and encouraging them to further their skills and provide opportunity where possible. We regularly review our Talent Matrix to determine key training and development needs, in accordance with Succession Planning for key roles.

COMMUNICATIONS

Communications is paramount at King Salmon and we are dedicated to continually improve this to ensure our team are engaged. An initiative that was launched in 2010 was to participate in the Kenexa Engagement Survey, where we ask each and every team member a series of questions which provides a platform for them to feedback and measure engagement. Since the inception of the survey, we have improved on aspects of our business specifically around communications, examples include;

- Quarterly cross functional visits to educate teams about different divisions in the business
- A quarterly company newsletter
- An internal Facebook group
- Improvements to our company intranet
- Divisional celebrations and morning teas
- An annual state of the nation presentation on the company's performance and achievements.

In 2015 we won the Kenexa award for Most Improved Medium-Large workplace.

RECRUITMENT & PROMOTION

We are always looking for passionate and talented people to solve problems, improve processes, and help us fulfill our vision of "Creating the Ultimate Salmon Experience". When recruiting at King salmon we have a policy to promote all jobs internally and also provide a fair platform of opportunities.

We want to keep jobs in the Top of the South which not only brings talented people to the region but allows locals to work in their trained profession instead of looking to other parts of the country or abroad. Fish breeding and growing typically requires access to skilled labour which can be difficult to source domestically. At times, we have recruited offshore when we have needed to replace skilled senior aquaculture positions. We are working with NMIT closely to improve the talent we have coming through the Aquaculture sector in the Top of the South. Each year we support the study costs

of three NMIT students enrolled in the Aquaculture course, and we also offer on-the-job experience to NMIT students in the course of their study.

Our company regularly welcomes interns in various divisions of our business, for example over the summer break, we supported the work experience of interns in our finance department, our marketing department and our Omega Innovations division.

In addition to the Omega Innovation case study, here are some great examples of internal promotion;

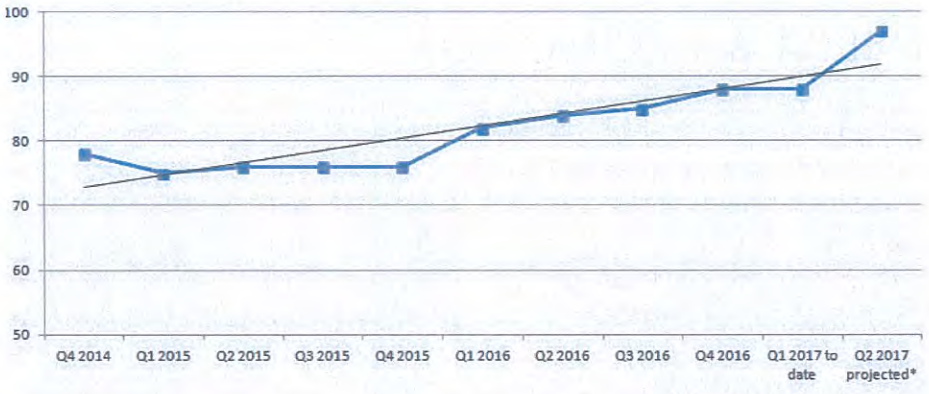
- Shift Worker, Team Leader, Farm Manager to Regional Manager
- Hatchery Technician to Seawater & Aquaculture Production Manager
- Processing to Shift Worker in Aquaculture
- National Key Account Manager to Australasian Foodservice Manager
- Hot Smoke Superviser to Food Technologist
- Receptionist to Accounts Payable and now working towards a Bachelor of Commerce in Accounting at NMIT

We are currently expanding due to growth, resulting in active recruitment for the Marlborough Aquaculture team and the company as a whole.

Our expectation is that once full use of consented waterspace is achieved - namely, current consented water space, the fully commissioned six sites under consultation, and the remainder of growth from the three sites consented from the EPA process, the company will grow to approximately 900 in total numbers. In the Top of the South region, this will eventually equate to around 400 people in each region ie. Nelson/Tasman 400 and Marlborough 400. The additional 100 employees are expected to reside in locations for freshwater operations and in sales markets around NZ and internationally

New Zealand King Salmon Total Employee Headcount (Dec 14 - Mar 17)

Picton Total Headcount (Dec 14 - Q2 2017 Projected*)



**Q2 2017 projected - 3+ full time Aquaculture Technicians, 5 Field team, 1 Engineering Administration Assistant currently being recruited*

DAY IN THE LIFE OF: CHARLIE PARK

TORY CHANNEL REGIONAL MANAGER

Article featured in the Interislander, Onboard Magazine

Charlie Park, New Zealand King Salmon Tory Channel Regional Manager

Describe your lifestyle as a salmon farmer.

The Marlborough Sounds environment is an amazing place to work. I get to work with world-famous fish in one of the most beautiful natural environments in the country. My job is to rear the salmon through the different stages of its life cycle to produce the best quality product possible for our customers in New Zealand and overseas.

Describe a typical day?

On a typical day we would check the nets to make sure they are all secure. We make sure the oxygen levels and water quality are perfect for our fish. Then of course there's the feeding, which we manage carefully to get the best growth. The team will also clean the nets; we have invested heavily in new environmentally friendly technology that does this without using any chemicals. Grading or harvesting of the fish is done on an ongoing basis, depending on the time of year. The equipment is also checked and maintained regularly. For example, all the boats and rafts must be secure to ensure they do not come free and obstruct the passing ferries.

What is a particular thing you love?

I love working in such a beautiful place, and I enjoy working with livestock. The people at New Zealand King Salmon love what they do for an occupation, so it's great to be among that passion every day.

What is the nature of the "bond" between your colleagues, the fish, and the environment?

A bond of mutual respect. We respect the Marlborough Sounds as we also use it for our leisure time, boating and fishing. This environment commands respect as it is so pristine, and it provides us with great conditions needed to grow a premium product. We want to make sure the fish thrive and that we have minimal impact on our environment.

What drew you to this career choice/ lifestyle?

I have worked with salmon in other places around the world. They are generally all great locations, and the variation in the job of salmon farming means I never tire of it!

DAY IN THE LIFE OF: MYLENE MERA

PRODUCT DEVELOPMENT TECHNOLOGIST

Excerpt from Linkz Article, Immigration New Zealand also featured on Immigration New Zealand's Website as a video

Mylene Mera, New Zealand King Salmon Product Development Technologist

There are certain things Mylene Mera just didn't do while she was living in Southeast Asia: learning to drive, and – unsurprisingly – building a snowman. Now she's living in Nelson, she can do both.

If you buy a New Zealand King Salmon product from the supermarket, there's a chance Mylene worked on it. She's a product development technologist: this involves developing new food products, improving existing ones, reducing waste, packaging technical artwork, and testing a food's physical and chemical properties.

Mylene's qualification – a bachelor of science in food technology, gained in the Philippines – and work experience for large international companies meant she was in demand here. After hearing about New Zealand from friends, she submitted an Expression of Interest through the Immigration New Zealand website (immigration.govt.nz), and around a month later, she was invited to apply for skilled migrant visa.

Mylene got a temporary job within a week and after one year of living in Auckland relocated to work in Nelson at New Zealand King Salmon.

There's less pressure at work, which is a welcome change. "Overseas the pace is very fast, people are expected to work hard. When I was in Singapore, I was working until 4am, 5am sometimes if I really needed to finish off a report, and then I still had to work weekends. Here the work-life balance is really observed, so I have a very relaxed life in New Zealand."

You wouldn't think it, to look at a typical weekly schedule. On Monday, Wednesday and Friday evenings, Mylene studies: she's doing a master of professional studies in food safety, online through the University of Auckland. Tuesday brings sewing class, and on Thursday she has dinner with her boyfriend Jeff, who she met at work. The weekend could involve church, shopping at a local market, or going tramping (also known as hiking) with Jeff.

"What is good with Nelson is that if I want to be in the mountains, I just go to the Grampians or the Centre of New Zealand walk; but if I want to be by the water, I go to Tahuna Beach," she explains.

"I get to have the time to do everything I want to do. Comparing Nelson to the Philippines, traffic in Nelson is like 10 cars in a queue; traffic in the Philippines is up to 10 kilometres bumper to bumper.

"What I like most about New Zealand is that the environment is very pristine and the air you breathe is less polluted compared to Manila. It feels very safe as well."

OUR COMMUNITY

This section demonstrates how we currently work in the community. If six sites are approved, prosperity for the community and region will improve, allowing us to deliver more programmes in partnership with community stakeholders.

New Zealand King Salmon supports managed growth and prosperity for the communities we work in. We are proud of the role we play in both the regional economy of Marlborough and the Top of the South, and in New Zealand's national development. Salmon farming has an 'economic multiplier' effect, meaning it creates work and income for employees, as well as a raft of local suppliers; including engineering firms, scientists, and water taxis for example, while also benefitting the community through grants and sponsorship. Our commitment is to:

- Improving life in the community; especially focused on youth development, environmental and educational organisations.
- Building constructive partnerships with iwi in the region
- Continuing to work hard to be a good neighbour in Marlborough.
- Participating in flagship food and wine events in the Marlborough region and the top of the South.
- Making Marlborough, and New Zealand, proud to be producing the world's best salmon.

WORKING WITH IWI

We strive to have a good relationship with the Top of the South iwi, has always been important to us. Relationships with iwi are multidimensional and often location-specific. We work with iwi on strategic partnerships and project-specific in a variety of ways, sometimes with formal agreements, and at times on an informal basis. For example, an agreement was developed with Te Atiawa, resulting in a joint venture at Clay Point. Te Atiawa also participated in the Top of the South priority share offer during the IPO period purchasing a share in the company. It is anticipated that the Tio Point site under discussion in this proposal would also be operated under a joint venture model with Te Atiawa.

Relationships with other iwi in the Sounds, particularly Ngati Koata and Ngati Kuia, are less developed, although some ad-hoc projects have taken place including Ngati Koata participation in the new farm openings in the Pelorus in 2016, and the sponsorship of the Ngati Koata's, Kia Ngawari kapa haka group in the same year.

Ngati Koata's, Kia Ngawari kapa haka group

Consent conditions attached to the Waitata and Kopāua salmon farms identify that Ngati Kuia and Ngati Koata be offered the opportunity to establish a Tangata whenua panel. The purpose

of the Tangata whenua panel is to advise the Peer Review Panel in respect of any matters of concern or issue to the Tangata whenua panel, including but not limited to the mauri of the waters in the Sounds and any cultural matters or considerations that the Peer Review Panel should be aware of in respect of the water column, proposed in the Baseline Plan and Baseline Report and any subsequent Annual Report. The Tangata whenua panel has been established and is operating.

SPONSORSHIPS & EVENTS

New Zealand King Salmon has an active and focused sponsorship and community support programme.

We support various community organisations, charities and events, with financial and product sponsorship in line with our company policy. Geographically our sponsorship focus is on the Marlborough region, followed by the greater Top of the South region and our freshwater locations.
Below we feature links to some quite outstanding community groups that we sponsor.

ENVIRONMENTAL & CONSERVATION ORGANISATIONS

Our eco focus is not only a foundation point of our operations but also reaches out strongly in to the community. We are involved in an increasing number of environmental based initiatives that fit with our sustainability ethos.

Kaipupu Point Sounds Wildlife Sanctuary

KAIPUPU WILDLIFE SANCTUARY
PICTON - MARLBOROUGH - NZ

Sounds Restoration Trust – Wilding Pines Project

Marlborough Sounds Restoration Trust

Marlborough and Tasman DOC

Department of Conservation
Te Papa Atawbai

EDUCATIONAL & YOUTH DEVELOPMENT ORGANISATIONS

We have also chosen to focus on projects that support youth development in various ways, to harness the future potential for our community.

Graeme Dingle Foundation KiwiCan Programme (Picton Primary School)

KiwiCan

Queen Charlotte College and Nelson Marlborough Institute of Technology scholarships (and internships)

nmit
Nelson Marlborough Institute of Technology
Te Whare Wānanga o Te Tau Ihu o Te Waka a Maui

Marlborough Boys College 1st XV

VIRTUTEM DOCTRINA PARAT

OTHER ORGANISATIONS

We have made a commitment to support disadvantaged and underprivileged groups in Nelson/Tasman through the Fifeshire Foundation. We also support education about our industry and the promotion of food tourism in the Marlborough region. Examples include our 'Salmon Sounds and Songbirds' tours with Marlborough Travel, and our partnership with Destination Marlborough.

New Zealand King Salmon has been a corporate member of the Sustainable Business Network (SBN) since the beginning of 2016. This national not-for-profit, dedicated to sustainable business growth, and a sustainable New Zealand society, is supporting us in the process to build further on a company-wide sustainability strategy, including a materiality report, key metrics and a long-term action plan.

We also provide support to several key Business and Industry Groups; including sponsorship of the MCOC Annual Business Awards, Nelson Business Awards and AQNZ Annual Aquaculture Conference.

Other examples of sponsorship include;

- Marlborough Girls College Bring Your Own Device program for financially constrained students, and sponsorship of trophies at the annual prize giving
- Education Resource for Local Schools developed 2016
- Picton Aquarium (Ecoworld) - interpretative king salmon display
- Sponsorship of DOC Marine Mammals Course for Skippers in Picton and Kaikoura
- Waikawa Yacht Club - sponsorship of seasonal racing series
- Link Pathway Signage Sponsorship
- Ngati Koata's, Kia Ngawari Kapa Haka Group sponsorship

LOCAL EVENTS

We participate in key events in the region over the year,where we usually have a display and provide salmon dishes for sale with proceeds going to the Nelson Marlborough Rescue Helicopter. At the larger events, we often provide a celebrity chef to demonstrate salmon displays, our staff put on interactive filleting displays, and we offer tastings of our various products, along with a children's play area.

- Nelson Wine & Food Festival
- Marlborough Wine & Food Festival
- Marlborough Forrest Grape Ride
- Picton Marina 2 Marina
- Saint Clair Half Marathon
- Picton Maritime Festival
- Havelock Mussel Festival
- Omaka Classic Fighters Airshow 2017
- Snapafest Nelson Chef's Competition

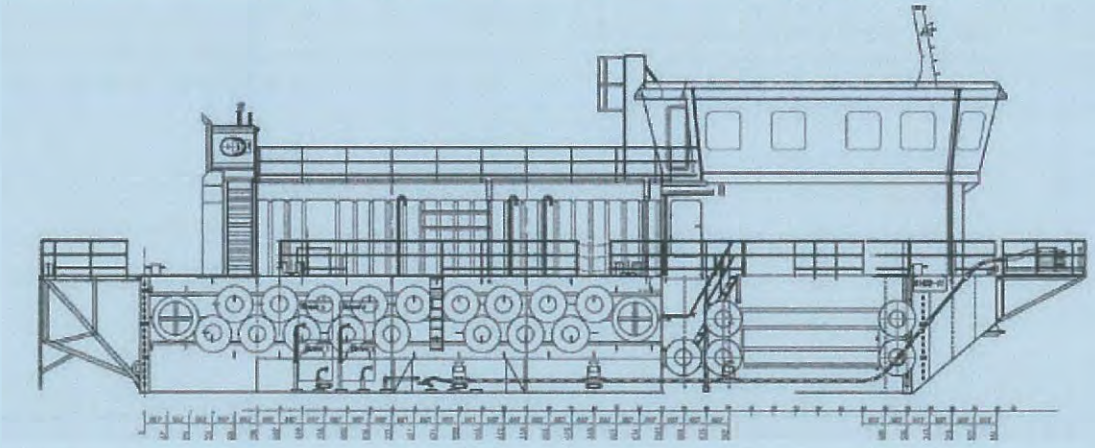
OTHER COMMUNITY & FLOW ON EFFECTS

In addition to sponsorship and partnership with local charities and organisations and providing a great workplace we believe we support the local economy with a flow on effect of jobs. We use a multitude of local suppliers and operators in our everyday business. From water taxi operators and salt suppliers to local engineers - we believe a lot of their success and employment comes from our business.

We also regularly host visitors to the region and make sure they see the best the region has to offer alongside our salmon farming operations. Our visitors are often influential international buyers, chefs, retailers, distributors and media interested in a premium New Zealand seafood product and the place we come from. Visit itineraries include meals and tastings at local cafes, wineries and resorts, accommodation in local hotels, scenic trips to local conservation projects, and excursions to other food producers' facilities and farms - e.g. venison, clams, mussels, oysters and craft beers. Our visitors always leave the region highly impressed with the scenery, food and beverage, care for the environment, and activities - with an enhanced view of New Zealand King Salmon and the part we play in delivering sustainable, tasty, premium seafood to their business.

As part of our community commitment, Top of the South residents were offered a priority offer of shares at $1.12 when New Zealand King Salmon listed on the NZX and ASX. A total number of $1.5 million of shares was offered to local residents, and this offer was fully subscribed.

CASE STUDY: CUDDONS LIMITED



Marlborough's Cuddon Limited won a contract worth in excess of $2 million to build a large-scale feed barge for New Zealand King Salmon.

Andy Rowe, CEO of Cuddon Limited describes winning the contract as "a significant milestone in both our long-term relationship with New Zealand King Salmon and also for the wider Marlborough community. We're absolutely delighted to have been awarded this major project – it underlines not only our ability but also the abilities of our sub-contractors within the region."

"Cuddon Limited and New Zealand King Salmon have a long association working together and we're delighted that their proposal for this project was the best fit over those from larger international companies, both on quality and price," says New Zealand King Salmon CEO, Grant Rosewarne.

Marlborough Chamber of Commerce Chief Executive, Stephen Gullery says, "it is extremely pleasing to see the growth of one local Marlborough industry benefit another. It's sharing this prosperity that grows the local economy and creates other positives within the region."

CASE STUDY: NMIT AQUACULTURE SCHOLARSHIPS

Two of last year's New Zealand King Salmon scholarships for students studying Aquaculture at Nelson Marlborough Institute of Technology (NMIT) were Jesse Barker and Russell Adams.

We recently caught up with these students to learn of their experience on the course.

Graduate Russell Adams completed four industry placements during the course and says he enjoyed its highly variable nature. His first and last practical placements were with New Zealand King Salmon, which included working alongside shift workers at Otanerau, where Adams enjoyed being outdoors and in a unique environment.

Adams also valued the variety and challenge of classroom work such as reviewing and creating national fisheries management plans and studying resource management issues.

Graduate Jesse Barker was accepted for NMIT's Diploma in Aquaculture and fisheries Management in July 2016 and has since completed work experience at Clay Point's salmon farm.

Barker says he entered the course with little knowledge of the aquaculture industry and has learned more than he anticipated. He plans to continue his studies with the aim of helping to better the aquaculture industry in future.

New Zealand King Salmon General Manager of Marketing Jemma McCowan says she was very pleased to present these students with their scholarships, which are awarded annually, in 2016.

"The scholarship is awarded to those who show a real promise in their studies and who we know will go on to be a great asset to the New Zealand aquaculture industry.

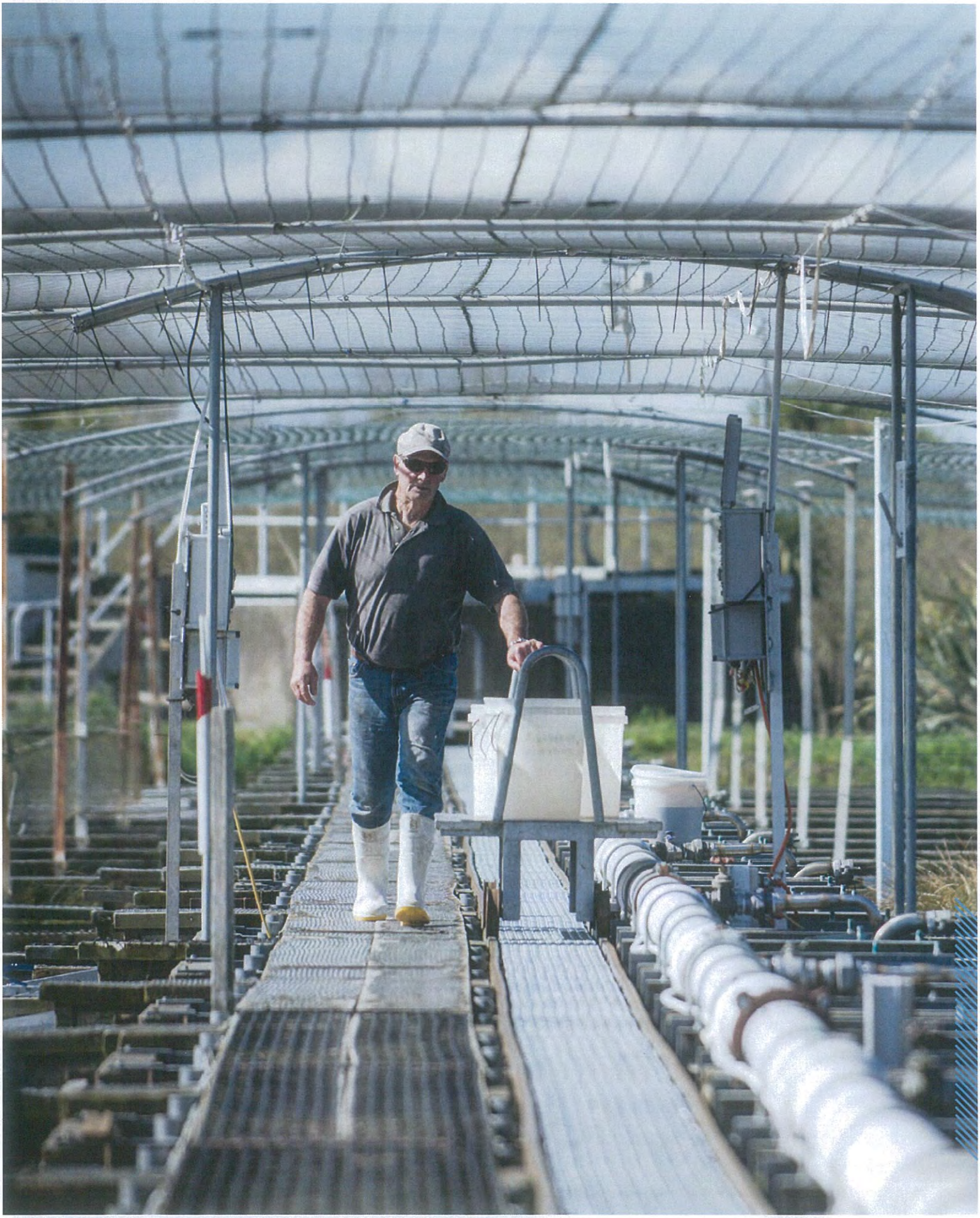
"These students have proven they can do just that and they will have a great future in this fast-growing industry, which offers a great number of exciting career opportunities," says McCowan.

The New Zealand King Salmon scholarships assist students financially with their fees as well as enabling them to gain firsthand experience in the aquaculture industry through offers of paid work experience during semester breaks and summer holidays.

NMIT began offering the country's first and only Diploma in Aquaculture in 2010.

Two of last year's New Zealand King Salmon scholarships for students studying Aquaculture at Nelson Marlborough Institute of Technology (NMIT) were Jesse Barker and Russell Adams.

Written Comment No: 0482



OTHER MATTERS

This section covers a variety of matters relating to the potential relocation of the six salmon farm sites, and also addresses the implications of the sites not relocating. These matters are selected as they are either known to be of interest to stakeholders and the public, or are practical considerations that need highlighting as a result of reviewing the proposed conditions for the new sites.

Landscape, Features and Natural Character

The objectives of the New Zealand Coastal Policy Statement (NZCPS) are to preserve the natural character of the coastal environment and protect natural features and landscape values through recognising the characteristics and qualities that contribute to natural character, natural features and landscape values and their location and distribution. MPI in their assessment of this aspect of the proposal have identified what those values are and have assessed this proposal against those values.

The NZCPS records that the protection of the values of the coastal environment does not preclude use and development in appropriate places and forms, and within appropriate limits. Here the proposal avoids effects on the values of the outstanding natural features. Any effects are less than minor. The locations and forms of the proposed farms are consistent with the NZCPS.

Seabed remediation

New Zealand King Salmon, together with Sanford and Ngai Tahu, has contracted Cawthron to carry out a small-scale trial on seabed remediation on its Forsyth Bay salmon site. Council has a copy of the report. Several different techniques were trialled with moderate to limited success, the most promising being to remove the organic layer. However, the trial was only small scale and expanding to a full commercial trial is not without its problems with many unanswered questions such as what equipment, how to store liquid extracted substrate, how best to treat the waste and what to do with it. The risks are significant and the merits debatable when compared against a natural remediation process that has been demonstrated on the same site. That natural process demonstrated that the site was fully functional after a couple of years and fully recovered after nine years.

Cawthron has prepared a follow up proposal to the earlier Forsyth trial, this will be on a semi commercial scale and will involve other industry participants. New Zealand King Salmon has been involved in preparing that proposal. It is our opinion that it will be better to allow for self-remediation until such time as it is clearly demonstrated there is a risk free alternate strategy.

No relocation

New Zealand King Salmon is committed to implementing the BMP benthic guidelines however if the site relocation does not go ahead there will be serious implications. The lower flow sites will likely be fallowed for a couple of years with the associated loss of production. Also when re-commissioning the lower flow sites, there would be a significant reduction in ongoing production in order to comply with the BMP benthic guidelines. All sites would become uneconomic to farm at the minimum modelled discharge and three sites – Waihinau, Forsyth and Otanerau – would be economic at the maximum modelled discharge.

History would suggest any consented discharge levels will be conservative and therefore economics will be marginal at best.Given there will be a loss of production if the relocation does not go ahead, there will also be job losses in the top of the south. The PwC report identifies a loss of at least 38 FTE's.

An additional concern for the company is that if we are required to remain farming on these lower flow sites, there will be significant risk given the increased weather extremes. In particular, increased temperatures in the late summer months will put the fish under increased stress at lower flow sites.

FURTHER DISCUSSION POINTS

The company has high expectations for a successful outcome to the relocation proposal. We discuss below a fall back option, the existing environment and relative risk, the consistency of the proposal with the Marlborough Resource Management Plan and cumulative effects. We then comment in some detail on the proposed amendments to the Marlborough Sounds Resource Management Plan including proposed standards. We will speak to these matters at the hearing.

Alternatives

1. The Ministry for Primary Industries (MPI) has summarised a number of options in table 4 of the discussion paper.[1] New Zealand King Salmon sees that table as an appropriate summary.
2. There is another option not listed, which New Zealand King Salmon would see as its fallback position should this process not deliver the necessary results.
3. The existing structures could be periodically moved between different sites in the same bay. As a consequence, the same area of surface structures would be used within a larger consented footprint. Most of the consented area would be in a fallow state. Active discharge would occur until ES5 was reached, at which point the farm would be moved to the next site in rotation. This technique is known as rotational fallowing and is a practice commonly used overseas.
4. In that way fish production can be maintained, with some costs from a benthic, navigational and operational perspective:
    a. A larger area will be periodically subject to enrichment.[2] Under this approach the conditions under the pens only would reach peak biological activity. Consequently, in any rotation programme the majority of the sites would exhibit near background levels of enrichment. Studies undertaken by Nigel Keeley demonstrate that sites will return from being nearly azoic to being moderately enriched within 24 months.[3]
    b. Altering the position of the farm will pose an additional navigational challenge to mariners, who might assume the farm to be in a certain position when it is not.[4]
    c. There are additional operational costs to the company of shifting pens.
5. In the short to medium term, rotational fallowing is likely to be the best way for New Zealand King Salmon to comply with the BMP and to maintain existing production.

The Existing Environment and Relative Risk

6. MPI's paper when addressing effects on the seabed[5] could have noted that the presence of a salmon farm will prevent scallop dredging within the footprint of the anchors and warps. At present there is no constraint on such commercial or recreational activity in most of the Marlborough Sounds.[6] For example, see Figure 1, which shows the dredge effort data for Waitata Reach, Pelorus Sound in 2011.[7]

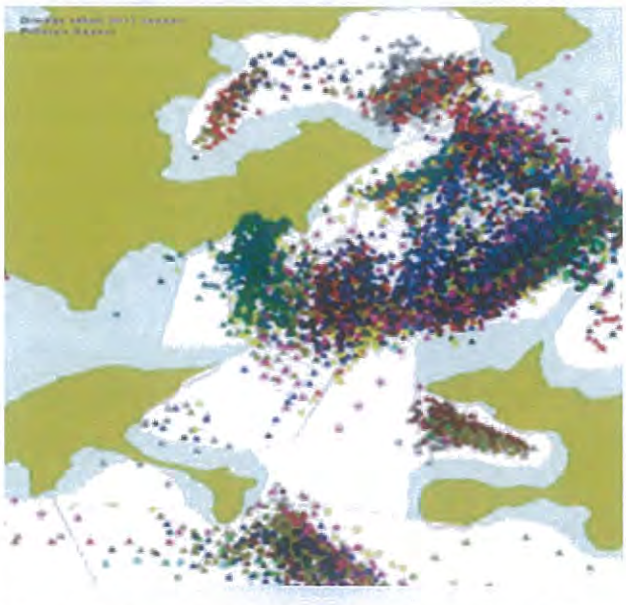


Figure 1 – Dredge effort data for Waitata Reach (2011). Each dot is either the commencement or cessation of a dredge.

7. Scallop dredging does not occur in the Marlborough Sounds at the present point in time. This is due to a decision by the Minister of Fisheries on 12 July 2016 as a result of a decline in the availability of scallops in the fishery.

8. Dredging, coupled with other effects, such as sedimentation from land use activities has, in contrast to salmon farming, had a broad effect over the majority of the Marlborough Sounds. A 2012 report authored by 103 experts from multiple countries undertook an assessment of anthropogenic threats to New Zealand marine habitats.[8] The authors concluded that:[9]

   a. The two top threats, 83% of the top six threats, 67% of the top twelve threats and over half of the twenty-six top threats fully, or in part, stemmed from human activities external to the marine environment itself.

   b. By a considerable margin, the highest scoring threat over all marine habitats was considered to be ocean acidification, a consequence of higher CO2 levels in the sea. The second highest overall scoring threat was rising sea temperatures resulting from global climate change.

   c. Threats deriving from human activities in catchments that discharge into the coastal marine environment were among some of the highest scoring threats to New Zealand's marine habitats. Foremost was increased sedimentation resulting from changes in land-use. It was the third equal highest ranked threat over all habitats.

   d. In terms of human activities in the marine environment, the highest ranked threat was bottom trawling (also the third highest ranking threat overall), followed by dredging for shellfish and invasive species.

9. The MacDiarmid report did not consider possible impacts from fish-farming that differ from those of longline marine farming. Nevertheless, traditional aquaculture was well down the list of threats, at 19=.

10. Similarly, the Ministry for the Environment recently released its report Our marine environment 2016.[10] The report concluded that New Zealand's top three marine issues are:[11]

    a. Global greenhouse gas emissions are causing ocean acidification and warming;

    b. Native marine birds and mammals are threatened with extinction; and

    c. Coastal marine habitats and ecosystems are degraded.

11. The most important coastal pressures on habitats and ecosystems, alongside impact from ocean acidification and climate change are:[12]

    a. Excess sedimentation;

    b. Seabed trawling and dredging for fish and shellfish;

    c. Marine pests;

    d. Excess nutrients carried down waterways; and

    e. Other fishing methods, dumping of dredge spoils, reclamation (infilling of harbours and estuaries for coastal development) and pollution from wastewater and plastic debris.

12. The effects of aquaculture, which included fish farming, were also considered. Aquaculture is discussed over 10 times throughout the report. These other issues are considered as threats to the aquaculture industry in all but one reference, where the effects of aquaculture are noted.

13. Overall, in contrast to many other anthropogenic threats, salmon farming has an effect in a localised area and will be highly regulated. Furthermore, salmon farming is likely to prevent other more harmful practices, such as dredging, particularly in Waitata Reach.

The Proposal is Consistent with the Marlborough Sounds Resource Management Plan

14. The Marlborough Sounds Resource Management Plan (the Plan), when it became operative, contained the following statement at s 9.2:

Section 9.2 – Issue

> *The marine farm industry that has developed in the Marlborough Sounds is of significant value to the nation in terms of export earnings, and also to the region in terms of the employment and income flows that are derived from the industry. A substantial infrastructure involving processing facilities, ports, harvesting vessels and a multitude of other services has developed based on the marine farm industry and Sounds communities have been revitalised as a result of the development of the industry. All of that infrastructure is reliant upon marine farming which utilises the coastal marine area and the provisions of the Plan recognise that to maintain the strength of the industry, generally it is essential for resource consents to be able to be renewed to continue those marine farming activities.*
>
> *The Plan recognises that in appropriate areas of the Sounds provision needs to be made respectively for conservation, residential/ recreation interest and the interest of important industries utilising Sounds resources such as marine farming, tourism, forestry and land-based farming.*
>
> *In addition, ongoing research is constantly occurring as to other means of aquaculture production involving species other than the present predominant species of mussels and it is possible that some other species may involve lesser effects on the environment through having less visible surface structures.* ***The current Plan provisions are based on the predominant bivalve marine farm structures. It may become necessary for those provisions to be re-addressed by Plan Change.*** *[emphasis added]*

15. These provisions were agreed by consent order.[13] The parties to that consent order included The Friends of Nelson Haven and Tasman Bay Incorporated, the Minister for the Environment, the Minister of Conservation and The Marlborough Conservation Board, among others.

16. A further indication that the Plan treated finfish as an exception can be found in the Rules component of 9.2.2. There the Plan states:

> *"Within coastal marine zone 2 out to 50m from mean low water mark, and beyond 200m from mean low water mark, marine farms are non-complying activities. In those areas marine farming involving finfish farming may be appropriate and it is recognised that consent may be granted by resource consent application."*

17. The Plan itself provides for plan changes to re-evaluate provisions for farming species other than bivalves. Despite these express provisions, a myth has developed that the present zoning in the Plan was intended to be an enduring resolution of all issues regarding allocation of space for aquaculture. There are numerous difficulties with this argument, but the primary difficulty must be that the Plan expressly records that such change is anticipated.

Cumulative Effects

18. In New Zealand King Salmon's view, the site swap proposal ought to take into account the fact that New Zealand King Salmon have the ability under their existing consents to discharge at levels often in excess of the recently agreed BMP. This process represents an opportunity to bring the entire Marlborough finfish industry in line with those BMP. When assessing cumulative effects, at least in the short and medium term, it is appropriate to have regard to the benefits of removing the existing farm.

Comments on the Proposed Amendments to the Marlborough Sounds Resource Management Plan

Order of relocation priority

19. Policy 9.2.1.1.17(b) sets a priority for the relocation of low flow sites to high flow sites.

20. New Zealand King Salmon's order of priority is as follows:

    a. Crail Bay MFL 32.

    b. Crail Bay MFL 48.

    c. Forsyth Bay.

    d. Otanerau.

    e. Ruakaka.

    f. Waihinau Bay.

21. The same order should be reflected in 35B.2.1.2(c).

22. That order reflects the performance of the sites from a fish production perspective and ability to meet Best Management Practice guidelines in the future.

23. Thought needs to be given as to how the transition from existing site to relocated site is achieved. A transition between farms is not as simple as moving the farm, fish and equipment from one site to another. The new sites will all require different equipment to be used. New Zealand King Salmon will seek to introduce new smolt onto the new sites while the fish is harvested from the old.

24. If all six sites are granted, this would not pose a problem in practice. New Zealand King Salmon has enough sites to exchange to manage an orderly transition. However, if only some of the sites are exchanged, then a period of overlap must be allowed for. This would be achieved by:

    a. After fish are introduced to the new site no new fish are to be introduced to the site to be surrendered; and

    b. Requiring New Zealand King Salmon to decommission its existing site and surrender its consent as soon as reasonably practicable. In any event, all fish are to be removed from the site no later than 9 months after fish are introduced to the new site and the site fully decommissioned including removal of all structures no more than 6 months after the last fish are harvested.

The size of Waitata mid-channel

25. Appendix D4 condition 10 refers to Waitata mid-channel site as being 2 hectares. That area should be 2.5 hectares. The proposal is for five pens of up to 240 metre diameter to be in that location. The surface area covered by pens of that size would be at least 2.26 hectares. The area needs to be rounded up to account for any differences in measurement method, as well as allowing for adjoining surface structures.

The staging of feed increases

26. Appendix D4 condition 21 and onwards is overly conservative. In addition what is proposed is impractical.

27. The amount of feed consumed by the fish varies from year to year. Differences are caused by matters as diverse as water temperature, feed composition and conversion ratio, growth rate, survival and presence of predators creating stress for the stock. Natural variations will cause greater variation than 150 tonnes of feed.

28. All of this means that estimates are made of how much feed will be consumed by a particular year class, but the results may vary by 10% or 20% due to the multiple variables

29. The response to this in the Board of Inquiry was to allow a flexibility of up to 15% with a requirement as a rolling average to not exceed the maximum discharge over a three-year period (see Ngamahau condition 36 note 1).

30. The water quality scientists tell us that this is not an area where precision matters. Indeed a definite change is preferable, as it enables effects to be more easily measured.

31. In our view the discharge increases are too conservative. We suggest the following changes:
    a. The minimum increment on each farm should be 500 tonnes; and
    b. The feed increase step should be able to be increased after two years rather three years of consistent monitoring; and/or
    c. If there needs to be a cap, an overall increase of feed discharges in the Pelorus, that amount be raised to 2,500 tonnes in any year and the quality standards must be met for a further two years rather than three.
32. Feed caps are a poor form of regulation. We have sophisticated tools to measure benthic effects. Increasingly we have sophisticated tools to measure effects on the water column, including real time water column monitoring.
33. Feed caps were appropriate when we had little information about the state of the environment and the effects of salmon farming. We now have more information about the effects of salmon farming than we have about any other activity in the Marlborough Sounds. We can measure those effects.
34. Feed caps are simply a crude tool to limit environmental effects. Now we are able to measure the actual environmental impact, feed caps no longer have relevance. It is the Company's responsibility to manage the effects of its operation within the environmental parameters set by the conditions.
35. As part of an agreement reached with the Marlborough District Council, subject to the EPA process, New Zealand King Salmon is scheduled to embark on a Best Management Practice guidelines (BMP) process to address water column effects. The process is envisaged to be similar to the BMP process for benthic effects. At this stage, we envisage that process commencing within the next two years. If feed caps are required, it needs to be recorded that it may be appropriate to remove those feed caps once the BMP process is completed.

Feed composition

36. Appendix D4 condition 33 will require a substantial amount of work for little benefit, potentially requests commercially sensitive information, and is a partial duplicate of condition 46(a). It is best dealt with in another way.
37. It is important to understand that the chemical composition of feed remains relatively constant, with only subtle variation.
38. The company must report on the amount of nitrogen discharged monthly. It is able to calculate from records it keeps that quantity. This is best dealt with through condition 46(a)
39. The food is almost entirely consumed. It is not immediately apparent what environmental purpose there is in keeping the remainder of the information. It was not required by the Board of Inquiry. Protein (other than the fact that nitrogen is a component), lipids, carbohydrates and (in the context of the Sounds ecosystem) phosphorus in feed have no ecological impact.
40. There will be a significant amount of work required to maintain a log.
41. Rather than keeping a log, New Zealand King Salmon would be able to gather together this information (and more) in response to a specific request. If precise feed composition is identified as a potential cause of an environmental effect (and that seems highly unlikely based on present information), it would gather together the relevant information at that stage.
42. Keeping a formal log is disproportionate to the risk.

Environmental Water Quality Standards

43. The Environmental Water Quality Standards are consistent with those recently imposed on the company at its Clay Point site. It is important to reinforce the context in which these levels are set. It is beyond doubt that there is a large natural variation in the nitrogen levels in the Marlborough Sounds. It is also beyond doubt that nitrogen is the limiting nutrient on algae growth in the Sounds.

44. NIWA has modelled the impacts of what is proposed. Their Scenario 13 assumes a discharge of 38,600 tonnes of fish feed into the Pelorus Sound. It assumes that all sites are granted and all sites operate at their maximum capacity without any other constraint such as the effects on the benthos.

45. That Scenario, known as Scenario 13 has been used as a basis of assessment by MPI. Even with those assumptions, the average summertime increase in chlorophyll is predicted to be approximately 0.08-0.10mg m-3. Consequently, in that scenario the natural exceedance of 3.5mg m-3 will increase from 11%, 13% and 3% to 14%, 14% and 8% at Moetapu Bay, Double Bay, and Yncyca Bay respectively.

46. New Zealand King Salmon has had experience in the past that its monitoring has uncovered water column conditions which are biologically significant, but have nothing to do with the farm. For example, in respect of the 2016 monitoring required for Te Pangu, New Zealand King Salmon reported that the dissolved oxygen results for March 2016 were anomalous. On that occasion, dissolved oxygen was measured at all stations, including the control stations at the Tory Channel entrance, as being between 81% and 83%.[14] Given that the control sites registered low oxygen readings, this incident was put down as unrelated to the farm.

47. This demonstrates why a trigger-investigation-response model is important, particularly for far field effects. The modelling results demonstrate that New Zealand King Salmon is unlikely to have a significant effect. Other potential sources of abnormal results need to be investigated at the time an abnormal result is detected.

Benthic Quality Standards

48. Condition 38 describes the Benthic Quality Standards which will apply. The conditions are inconsistent with the BMP. The BMP guidelines require all monitoring stations to be beneath the relevant ES scores. The proposed condition here requires simply the average score to be beneath a certain threshold. While the proposal would be more lenient for the company, the company has agreed to implement the BMP and will not seek to water those down.

Nutrients to be monitored

49. In condition 43(c) a series of nutrients is proposed to be monitored. New Zealand King Salmon's scientific advice is that total nitrogen is the most relevant measure to be monitored. Ammonium, nitrous oxide and nitric oxide are of course components of total nitrogen. They ought not to be monitored separately. New Zealand King Salmon's understanding is that the automatic monitoring equipment will only measure total nitrogen.

Monitoring the Effects of Artificial Lighting

50. The consistent advice that New Zealand King Salmon has received from its scientific advisors is that submerged artificial lighting is not likely to have an environmental impact on the environment. A range of environmental studies have been undertaken[15] and all conclude there is no real likelihood of an effect.

51. This is a matter raised in condition 45(h)(i).

Heavy Metal and Organohalogenated Compounds

52. New Zealand King Salmon feed contains copper and zinc, a fraction of which pass through the fish and find their way into the environment. Copper can also be found in anti-fouling products however these are no longer used on New Zealand King Salmon net pens. Organohalides are strictly regulated and controlled in feed and, therefore, are not introduced into the environment at material concentration.

53. The work proposed in condition 45(h)(iii) is common to all farms. There is no need for each farm to prepare its own specific monitoring report.

New Zealand King Salmon should be able to place structures in the water prior to the Baseline Plan being approved

54. Condition 48 would prevent structures being placed on the marine farm until the Baseline Report is approved. We agreed that no feed should be discharged, but there may be good reasons why structures could be placed in the water prior to the Baseline Report being approved. There seems to be no resource management reason for this restriction.

Peer Review Panel

55. New Zealand King Salmon would intend to use the existing Peer Review Panel approved for the EPA sites, rather than creating a new Peer Review Panel for these sites. Condition 51 should make that clear.

Dolphin Entrapment

56. Condition 54 of Appendix 1 suggests that the twine diameter of the predator net is of a sufficient gauge to be detected acoustically by dolphins. If this is an issue, then the figure should be specified. In reality, New Zealand King Salmon's existing operation does not involve a significant number of dolphin entanglements. Condition 54(d)(i) can be deleted.

57. By the same token, the word "immediately" in 54(e)(i) can be replaced with "as soon as reasonably practical".

Biosecurity Management Plan

58. There is a danger that the Biosecurity provision (condition 57) will duplicate or contradict new regulations currently being prepared by New Zealand King Salmon and MPI.

59. The aquaculture industry has entered into a Government Industry Agreement with MPI to assist in managing biosecurity risks. Regulations flowing from that agreement are going to be imposed under the Biosecurity Act 1993.

60. It makes little sense to have New Zealand King Salmon regulated both under the Biosecurity Act and under its resource consent. At worst there is a possibility that the two sets of regulations will conflict.

61. New Zealand King Salmon suggests the following be added to the start of this condition: "In the absence of any comprehensive biosecurity planning required to be undertaken under the Biosecurity Act 1993..."

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[1] Page 34.

[2] The average degree of enrichment over the wider area will be very low.

[3] Including Forrest, B., Keeley, N., Gillespie, P., Hopkins, G., Knight, B., Glovier, D. 2007 Review of the Ecological Effects of Marine Finfish Aquaculture: Final Report prepared for Ministry of Fisheries. Cawthron Report 1285. 71p.

[4] An issue which is able to be substantially mitigated by education and appropriate marking and lighting.

[5] Page 50.

[6] Note that proposed Marlborough Environment Plan rule 16.7.5 makes fishing activities that use a technique that disturbs the seabed prohibited, but only within an Ecologically Significant Marine Site.

[7] Figure from Witness Statement of Shary Smith on behalf of Te Runanga O Ngati Kuia Charitable Trust before the Board of Inquiry for New Zealand King Salmon at 5.

[8] MacDiarmid, A.; McKenzie, A.; Sturman, J.; Beaumont, J.; Mikaloff-Fletcher, S.; Dunne, J. (2012). Assessment of anthropogenic threats to New Zealand marine habitats. New Zealand Aquatic Environment and Biodiversity Report No. 93. 255 p.

[9] MacDiarmid, at 3-4.

[10] Ministry for the Environment & Statistics New Zealand (2016). New Zealand's Environmental Reporting Series: Our marine environment 2016. A copy is available here: http://www.mfe.govt.nz/sites/default/files/media/Environmental%20reporting/our-marine-environment.pdf.

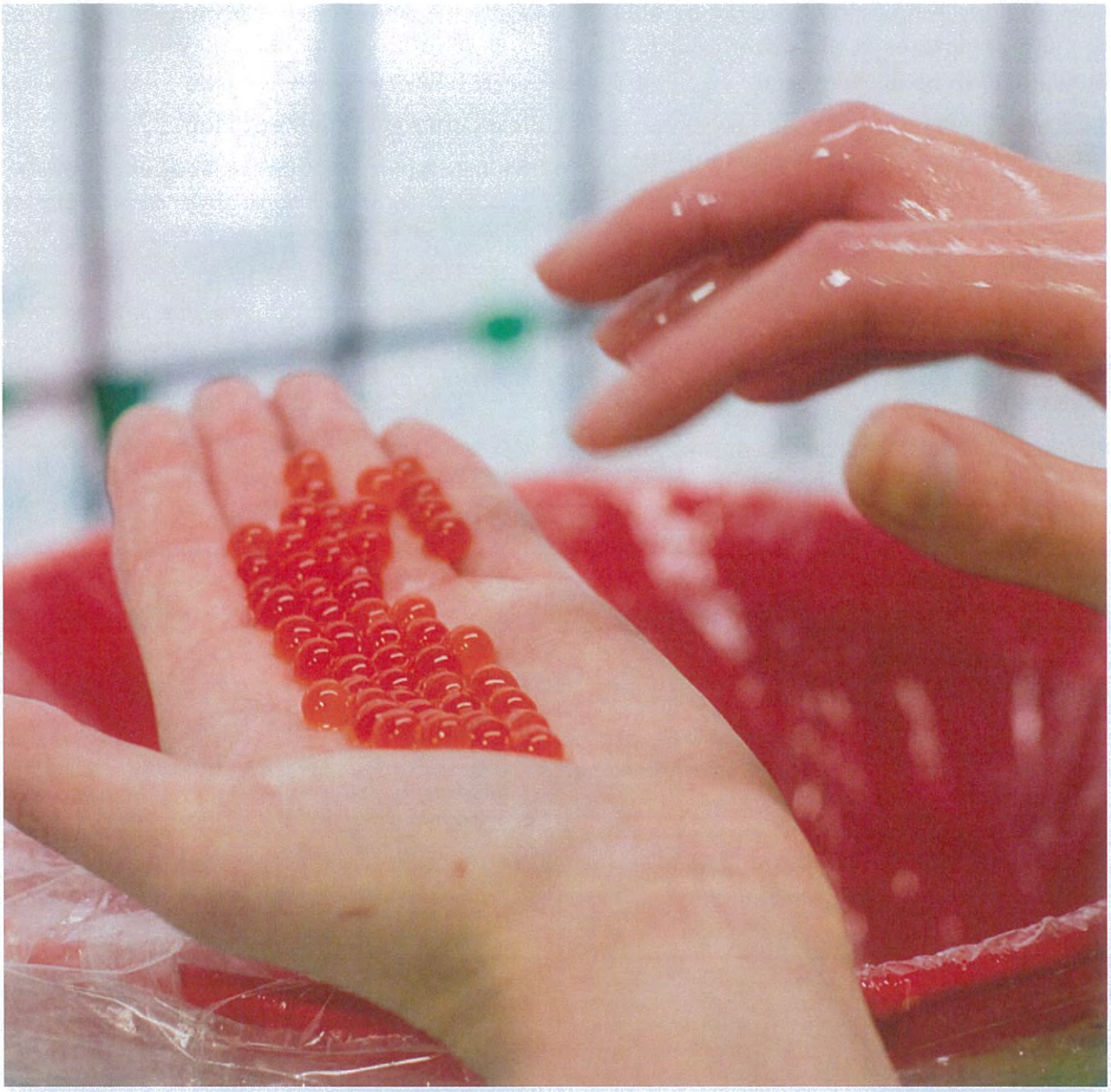
[11] Our marine environment, at 7.

[12] Our marine environment, at 7.

[13] Treble Tree Holdings Limited v Marlborough District Council W11/99.

[14] Elvines D, Knight B, Taylor D 2016. Te Pangu Bay salmon farm: annual monitoring 2016. Prepared for The New Zealand King Salmon Co. Ltd. Cawthron Report No. 2809. 32 p. plus appendices.

[15] Effects on artificial lighting on the marine farm environment at Clay Point and Te Pangu Salmon Farms (Cawthron Report 1851, October 2010); Zealand King Salmon Company Limited: assessment of environmental effects - submerged artificial lighting (Cawthron Report 1982, August 2011); Effects of artificial lighting on the marine environment at the Te Pangu Bay salmon farm (Cawthron Report 2374, July 2013).



FEEDBACK FORM

We provide answers to the 40 summary questions from "The Potential Relocation of Salmon Farms in the Marlborough Sounds: Feedback form" in Appendix 1. Many of the answers refer back to the consultation documentation.

RELOCATION ADVISORY PANEL HEARING.

New Zealand King Salmon would like one full day to be heard by the advisory panel.
It is possible we may require up to 12 persons to appear before the panel.

CLOSING STATEMENT

There are relatively few opportunities that come along in life that are truly good for everyone - where every stakeholder group improves its position. As a society, we strive for win:win outcomes but they are often difficult to achieve. The MPI-led initiative to relocate six low flow farms to high flow sites is such an opportunity.

With the relocation of six lower flow salmon farms, and the resulting growth in our business, we hope to employ increasing numbers of current and future local talent, draw visitors to the region, stimulate an inwards flow of ideas and innovation to continuously improve our operations in a sustainable way, help our suppliers and partners grow and export their own salmon success stories, and give Marlborough the chance to shine on a national and international platform.

Society's expectations will continue to raise the bar on the production of food, and we can only deliver on these expectations if we operate in the

most suitable environmental conditions for our king salmon and have sites that are economically viable through improved fish health, performance and scale. We want to deliver the best salmon in the world sustainably and the relocation proposal is the first step in achieving our future vision.

With 30 years of salmon farming under our belt, in today's context, it is clear that the historic sites under discussion would not be considered as suitable for salmon aquaculture in the modern framework of best practice salmon farming.

Lower flow sites were allocated to New Zealand King Salmon before the optimum conditions for our species were known and before the technology existed to utilise high flow sites. The King salmon species requires deep, high flow, and cooler water conditions. Fortunately, high flow sites, by their very nature, tend to be further away from holiday homes, recreational areas and people.

> ***The supporting evidence delivers no doubt that high flow sites will deliver greater economic benefits with lesser impact on the environment.***

With up to 512 direct and indirect jobs forecast in the region by the time all six sites are up and running, that's a lot of families enjoying a Top of the South lifestyle and all achieved while reducing the environmental impact of New Zealand King Salmon's farms!

Under both scenarios, relocation or not, New Zealand King Salmon will be farming its 11 farms (17 surface hectares) responsibly and creating value. Relative to broad acre land-based farming, New Zealand King Salmon lower flow farms still achieve a good overall environmental outcome. We want to achieve world's best practice at high flow sites. It would be regrettable if some lower flow space were not relocated as the implementation of the Best Management Practice guidelines would reduce the viability of lower flow sites.

We are very proud to be part of the premium food and wine produced in Marlborough. We see the MPI proposal as of benefit to all stakeholders and we strongly support the farm relocation under examination, for all six sites.

APPENDIX 1 - 40 QUESTIONS SUMMARY

Q1: *Do you think that up to six salmon farms within Marlborough Sounds should be allowed to relocate to higher-flow sites?*

A1: Yes. That outcome will be good for the people of Marlborough. It will be good for the environment, it will be good for society and good for New Zealand.

Q2: *Which of the potential relocation sites do you think are suitable for salmon farming?*

A2: All of the sites are suitable for salmon farming.

Q3: *Which of the existing lower-flow sites should be relocated?*

A3: All of the lower-flow sites should be relocated.

Q4: *If you have concerns about particular sites, what are they and what could be done to address these concerns?*

A4: New Zealand King Salmon has no concerns about any of the proposed sites.

Q5: *Do you feel there are potential benefits or costs of relocating farms that have not been identified?*

A5: The benefits of the proposal are comprehensively addressed in the consultation documents.

Q6: *Are there rules, policies or conditions that you believe should be added? Please provide information to support any proposed new provisions.*

A6: New Zealand King Salmon has a number of technical changes which it suggests to the proposed conditions. They are detailed in section 'Other Matters'.

Q7: *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?*

A7: Restricted discretionary is appropriate in this context.

Q8: *Do you agree that the overall surface structure area of salmon farms should not be increased?*

A8: The overall surface structure area of salmon farms in Queen Charlotte Sound and Pelorus Sound should not be increased by virtue of this proposal.

Q9: *If the sites at the existing lower-flow farms (other than Crail Bay MFL32) 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 marine farming for aquaculture settlement purposes?*

A9: In the case of Ruakaka this makes sense. In the case of the remaining farms there is less justification for prohibiting all forms of aquaculture. However, any new aquaculture would need to be justified as part of a subsequent process. The proposal here is to shift the salmon farm and leave the site vacant. It is not New Zealand King Salmon's role to dictate to the community how the sites it has vacated ought to be managed.

Q10: *Give 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?*

A10: New Zealand King Salmon is of the view that Aquaculture should be permitted to continue. The site is consented for mussels and that ought to be able to continue as of right. If the consent-holder wishes to use the site for finfish farming, that will need to be assessed on its own merits.

Q11: *Do you agree with a staged adaptive management approach if salmon farming at the potential relocation sites proceeds?*

A11: New Zealand King Salmon agrees with a staged adaptive management approach.

Q12: *Is there any wording you agree or do not agree with in the proposed regulations.*

A12: The suggested amendments to the proposed regulations are addressed elsewhere 'Other Matters 19-61'.

Q13: *Are there any particular issues at the existing lower-flow sites that you would like to comment on?*

A13: This has been dealt with thoroughly in the consultation document.

Q14: *Which of the existing lower-flow salmon farms in the Marlborough Sounds do you think are a higher priority to relocate and why*

A14: For the reasons set out at 'Other Matters 19-24'.

a. Crail Bay MFL 32.
b. Crail Bay MFL 48.
c. Forsyth Bay.
d. Otanerau.
e. Ruakaka.
f. Waihinau Bay.

Q15: *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?*

A15: These matters have been comprehensively addressed in the consultation documentation.

Q16: *Are there particular landscape or natural character values that you want to identify to the Minister for Primary Industries for any of the potential relocations sites?*

A16: These matters have been comprehensively addressed in the consultation documentation.

Q17: *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?*

A17: These matters have been comprehensively addressed in the consultation documentation.

Q18: *Are there any further measures that you believe could be taken to reduce effects at on landscape and natural character at the potential relocation sites?*

A18: These matters have been comprehensively addressed in the consultation documentation.

Q19: What are your thoughts on the potential water quality effects at the potential relocation sites?

A19: These matters have been comprehensively addressed in the consultation documentation.

Q20: *Are there ways in which the potential relocation sites should be developed to help avoid, remedy or mitigate adverse effects on water quality?*

A20: These matters have been comprehensively addressed in the consultation documentation.

Q21: *Are there other effects on water quality that you would like us to be aware of?*

A21: These matters have been comprehensively addressed in the consultation documentation.

Q22: *What further information would you suggest the Minister for Primary Industries collects on water quality effects in relation to the Tio Point site?*

A22: These matters have been comprehensively addressed in the consultation documentation.

Q23: *What are your thoughts on the seabed effects at the potential sites/*

A23: These matters have been comprehensively addressed in the consultation documentation.

Q24: *Are there ways to develop the potential sites to help avoid, remedy or mitigate adverse effects on the seabed at each site?*

A24: These matters have been comprehensively addressed in the consultation documentation.

Q25: *Are there other seabed values or effects that you would like the Minister for Primary Industries to be aware of?*

A25: These matters have been comprehensively addressed in the consultation documentation.

Q26: *Are there effects on pelagic fish that you would like the Minister for Primary Industries to be aware of?*

A26: These matters have been comprehensively addressed in the consultation documentation.

Q27: Are there effects on seabirds that you would like the Minister for Primary Industries to be aware of?

A27: These matters have been comprehensively addressed in the consultation documentation.

Q28: *Do any of the sites pose a greater risk to seabirds than other sites?*

A28: These matters have been comprehensively addressed in the consultation documentation.

Q29: *Are there marine mammals in the Marlborough Sounds that you think may be particularly impacted by this proposal?*

A29: These matters have been comprehensively addressed in the consultation documentation.

Q30: *Do any of the potential sites pose a greater risk to marine mammals than other sites?*

A30: These matters have been comprehensively addressed in the consultation documentation.

Q31: *Do you agree that there should be an independently audited Biosecurity Management Plan for salmon farming?*

A31: New Zealand King Salmon agrees that there should be an independently audited Biosecurity Management Plan. New Zealand King Salmon also notes that it is in the process of agreeing on a Biosecurity Management Plan with MPI. The conditions of consent should allow for the possibility that this matter is addressed under the Biosecurity Act 1993 and accordingly does not need to be addressed under the Resource Management Act 1991.

Q32: *What are your thoughts on the potential improvement in salmon health from the proposal? What about salmon welfare and husbandry?*

A32: These matters have been comprehensively addressed in the consultation documentation.

Q33: *Are there particular navigational effects at any of the potential relocation sites that the Minister for Primary Industries should be aware of?*

A33: These matters have been comprehensively addressed in the consultation documentation.

Q34: *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?*

A34: These matters have been comprehensively addressed in the consultation documentation.

Q35: *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?*

A35: These matters have been comprehensively addressed in the consultation documentation.

Q36: *What measures could be taken to remedy or mitigate effects on tourism and recreation values if salmon farms were relocated to these sites?*

A36: These matters have been comprehensively addressed in the consultation documentation.

Q37: *Are there other heritage values that the Minister for Primary Industries should be aware of?*

A37: These matters have been comprehensively addressed in the consultation documentation.

Q38: *Are there any other measures that should be taken to avoid, remedy or mitigate noise effects at any of the potential sites?*

A38: These matters have been comprehensively addressed in the consultation documentation.

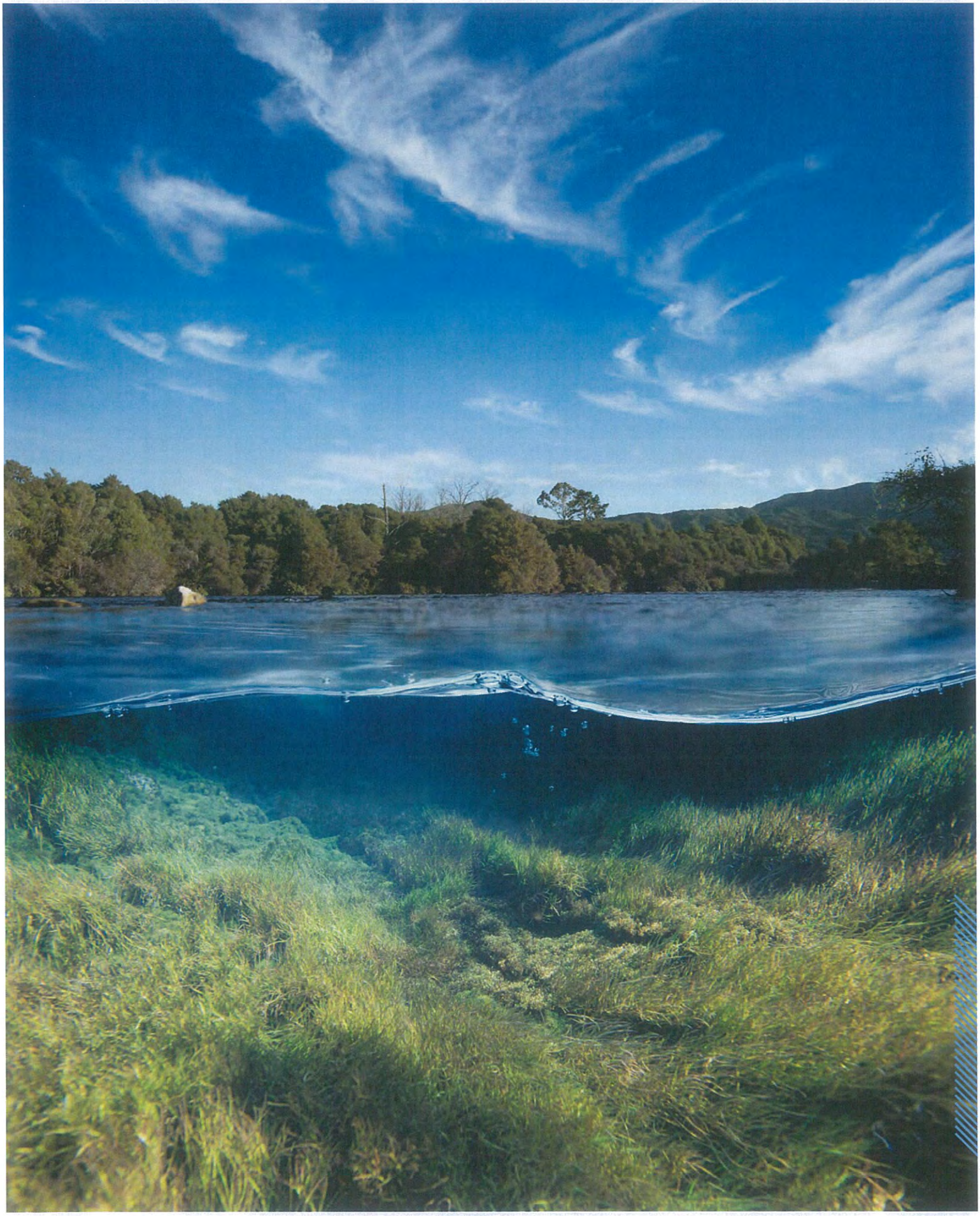
Q39: *Are there any other matters in relation to underwater lighting that you think the Minister for Primary Industries should be aware of?*

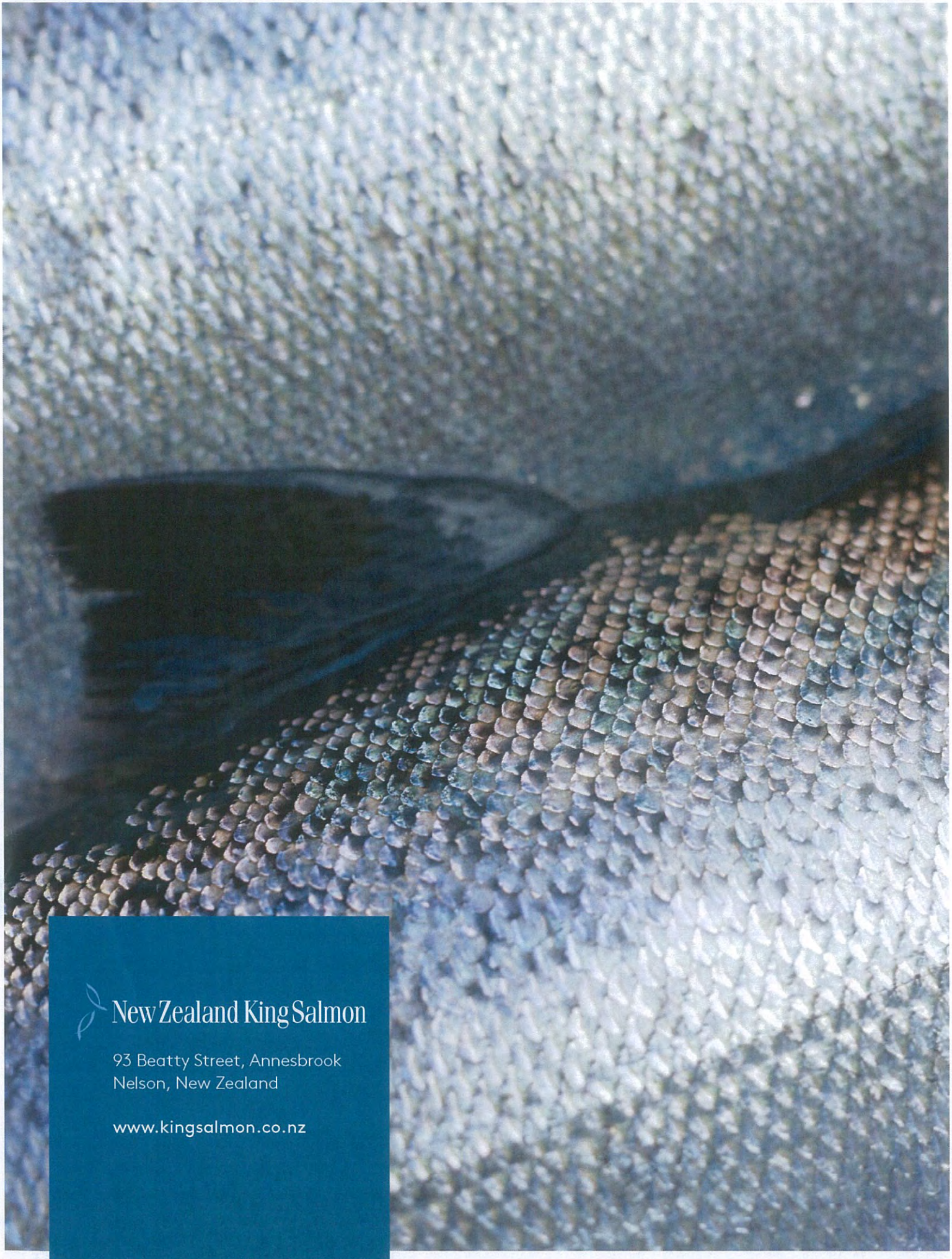
A39: These matters have been comprehensively addressed in the consultation documentation.

Q40: *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?*

A40: These matters have been comprehensively addressed in the consultation documentation.

Written Comment No: 0482





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