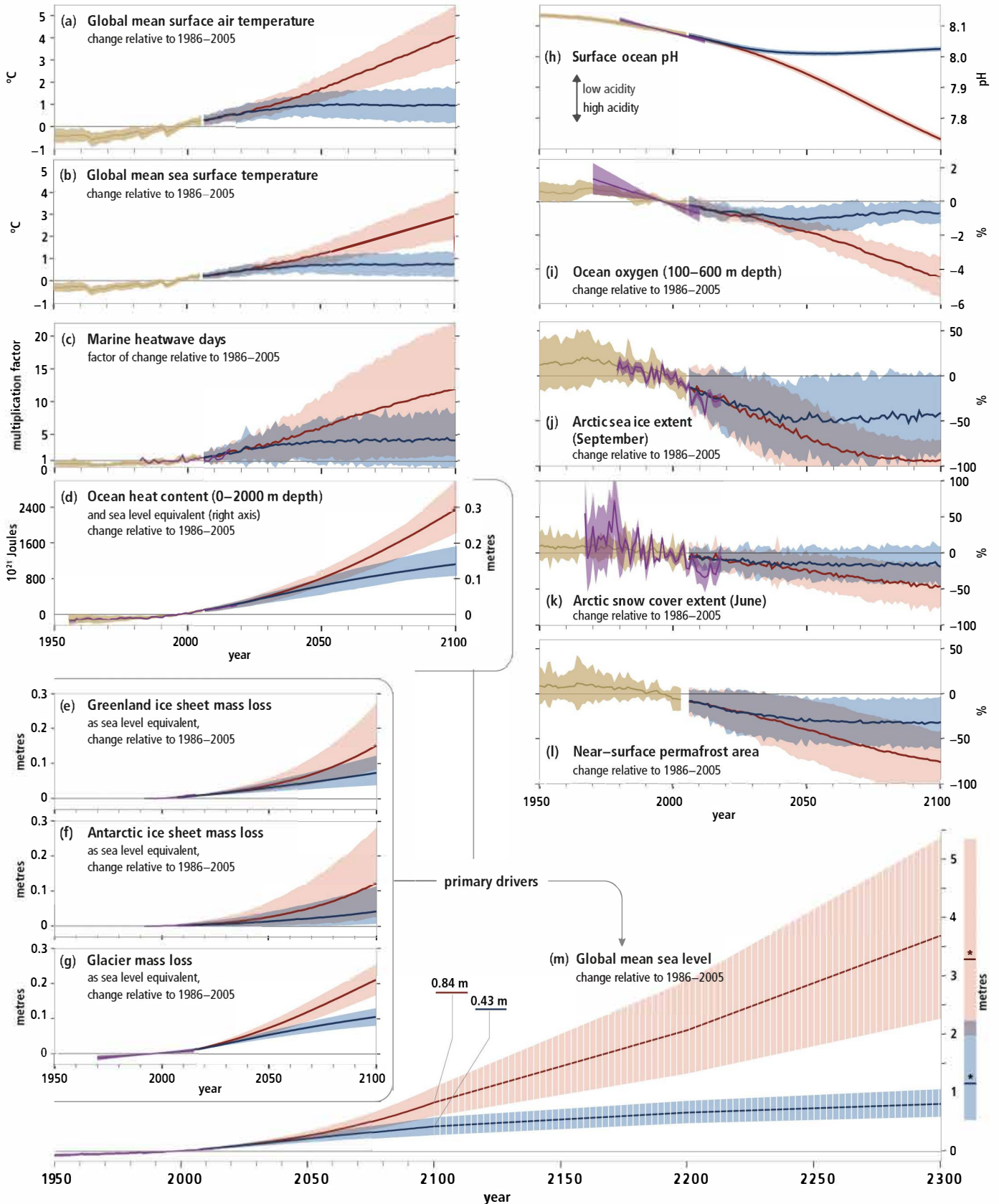


Past and future changes in the ocean and cryosphere

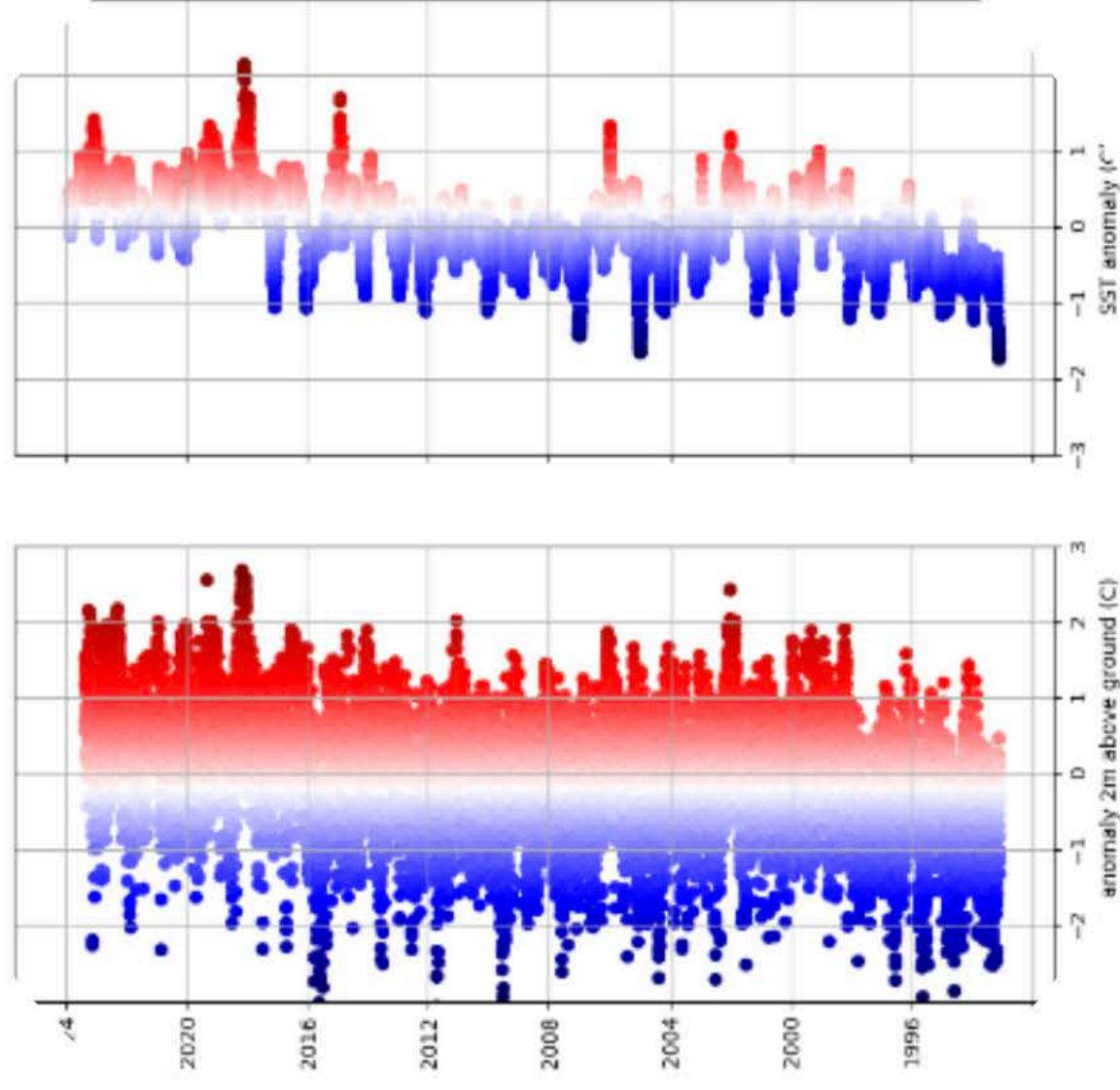
Historical changes (observed and modelled) and projections under RCP2.6 and RCP8.5 for key indicators

Historical (observed) Historical (modelled) Projected (RCP2.6) Projected (RCP8.5)



20 Dec

New Zealand's changing oceans



New Zealand Data

Figure 1: Difference in daily mean air temperature at 2 m (left) and Sea Surface Temperature (right) compared to the climatological values within the New Zealand environs derived from the **Hau Moana** and **Moana Ocean Hindcast**, respectively. Both variables are directly connected by air-sea exchange and show a similar warming trend along the last 30 years.

**IN THE ENVIRONMENT COURT
AT CHRISTCHURCH
I TE KŌTI TAIAO O AOTEAROA
KI ŌTAUTAHI**

Decision No. [2023] NZEnvC 203

IN THE MATTER of the Resource Management Act 1991

AND appeals under s120 of the Act

BETWEEN DIRECTOR-GENERAL OF
CONSERVATION

(ENV-2022-CHC-67)

AND MCGUINNESS INSTITUTE
LIMITED

(ENV-2022-CHC-68)

Appellants

AND MARLBOROUGH DISTRICT
COUNCIL

AND THE NEW ZEALAND KING
SALMON CO LIMITED

Respondents

Environment Judge J J M Hassan – sitting alone under s279 of the Act

In Chambers at Christchurch

Date of Consent Order: 19 September 2023

CONSENT ORDER



Director-General of Conservation & McGuinness Institute Limited v MDC & The New Zealand King Salmon Co Limited – Consent Order

be adequately avoided, remedied or mitigated by any term or condition incorporated within the consent.	
To require the consent holder to adopt the best practical option to avoid, remedy or mitigate any adverse effect on the environment relating to the activity.	On any anniversary of the granting of this consent.
To address any matter which might be incorporated into or that is absent from any Management Plan prepared in accordance with this resource consent.	Within 90 working days of the Compliance Manager being provided with a Management Plan or revised Management Plan.
To address any matter which might arise from a notice of suspension of class or notice of withdrawal of class from a Recognised Organisation.	Within 90 working days of the Compliance Manager being provided with such a notice.
To address issues arising from an incident reported pursuant to conditions 74 and 90 of this resource consent	Within 90 working days of the Compliance Manager receiving an incident report pursuant to conditions 74 and 90.
To address issues arising from a review of Best Management Practice Guidelines relevant to this consent or any subsequent version of these guidelines.	Within 90 working days of revised best management practice guidelines being adopted by the Compliance Manager.
To address any issues arising from the Benthic Review Report.	Within 90 working days of the Compliance Manager receiving the Benthic Review Report.
To address any effects of the salmon farms that are different or more significant due to the effects of climate change, including due to a change in the importance of the location for indigenous biodiversity, and which are appropriate to deal with at a later stage.	During the years of the 150th and 25th anniversary of the granting of this consent and every 5th year thereafter.
Ensuring the conditions of this consent are consistent with any National Environmental Standards, Regulations, relevant plans and/or the Regional Policy Statement.	As required.

Removal of Structures

~~104.105.~~ The consent holder shall, at its expense, remove all structures associated with the activity authorised by this resource consent and provide written confirmation of the removal to the Compliance Manager, within three months of any of the following events occurring:

- (a) The term of the resource consent(s) has expired and the consent holder has not lodged an application to renew the consent for those structures, or if such an application has been lodged the consent has been refused and all rights of appeal exhausted; or
- (b) The resource consent has been surrendered by the consent holder or cancelled by the Council; or
- (c) The structures in the opinion of the Compliance Manager are redundant or derelict.

Other Matters

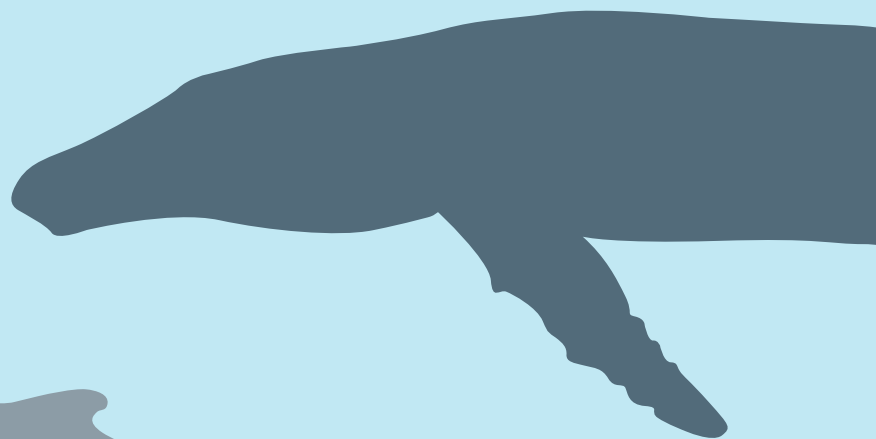
~~105.106.~~ Pursuant to section 36 of the RMA and the Council's Schedule of Fees, the consent holder shall be responsible for all actual and reasonable costs associated with the administration, monitoring and review of this resource consent.

~~106.107.~~ The consent holder shall pay coastal occupation charges if they are imposed through Council's resource management plans.

~~107.108.~~ Where these resource consent conditions require a Management Plan, Monitoring Plan, or Wild Fish Monitoring Method to be 'certified' or a review of a

Discussion Paper 2023/04

Exploring the role of aquaculture in our marine space



MCGUINNESS INSTITUTE
TE HONONGA WAKA

Title	<i>Discussion Paper 2023/04: Exploring the role of aquaculture in our marine space</i> This paper forms part of the Institute’s OneOceanNZ project.
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Disclosure of conflicts of interest	The Chief Executive of the McGuinness Institute owns a small shareholding in NZKS and a property at Umuwheke Bay in Queen Charlotte Sound.
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Preface

The McGuinness Institute continues to explore ocean management under our OneOceanNZ project. Given the size and variety of New Zealand's ocean territory, we decided early in the project to focus on the Marlborough Sounds, with a particular emphasis on the impacts of salmon feed (and the resulting faeces) on the environment. The only company that undertakes salmon farming in the Marlborough Sounds is New Zealand King Salmon (NZKS).

NZKS – the case study

A recent application by New Zealand King Salmon (NZKS), the Blue Endeavour (open ocean) farm application, received a consent to operate in the external waters of Cook Strait (beyond the internal waters of the Marlborough Sounds). That decision has since been appealed by the Department of Conservation (DOC) and the Institute resulting in Court-assisted mediation. On 19 September the Environment Court issued the consent orders, formalising the Blue Endeavour consent and mediated conditions. Some of the key changes to conditions include a climate change review condition, an extension of the period for gathering baseline data about seabirds and marine mammals, and improvements to the benthic monitoring conditions to ensure they are fit for purpose and use the best scientific methodologies.¹ The final step in the process is for the Ministry for Primary Industries (MPI) to be satisfied that the consent will not have an undue adverse effect on fishing (see Fisheries Act 1996, s 186C).

The Institute is a research institute focusing on New Zealand's long term future. To this end we have prepared seven infographics to illustrate the current state of our ocean management in the Marlborough Sounds and Cook Strait. When we initially heard of the Blue Endeavour application, we hoped this would mean the internal marine farms in the Sounds would move to Cook Strait. However, this has proved not to be the case. In practice, the internal farms will be used more, in order to support the Cook Strait farms.

Further, our assumption that the internal waters were more important to protect than Cook Strait may not be correct, as many megafauna are unique to Cook Strait. As you will learn in the infographics, Cook Strait is not only considered the seabird capital of the world, but the marine mammal capital of the world. Recent research indicates the importance of Cook Strait as a passage way for megafauna, such as whales and sharks, and smaller marine mammals, such as dolphins. At least one international map identifies Cook Strait as an ecological hotspot lacking the appropriate marine protection.²

What has been surprising is the lack of scientific research into ocean flora and fauna. 'You cannot manage what you do not measure' illustrates the challenges we face. There is no adequate baseline data for the Marlborough Sounds or Cook Strait and no defined boundary for internal waters versus external waters (although LINZ is hoping to provide this in 2024).³

The Institute has observed that the ocean management process tends to split into two – policy to protect the ocean and policy to utilise the ocean for commercial benefit. The objective of each 'prong' undermines the other, resulting in a question of which one should trump the other. Given the existing failure to collect and report baseline information on marine flora and fauna, policy to utilise the ocean for commercial benefit will continue to trump policy to protect. In particular, it is difficult to find examples that show the precautionary approach in operation in the marine space. In other words, a lack of evidence of flora or fauna benefits commercial interests.

What makes this so concerning is that New Zealand has the world's fifth-largest territorial waters to protect, and is responsible for global ecological hotspots, such as the Marlborough Sounds and Cook Strait. New Zealand is a signatory to the Convention on Biological Diversity, which commits us to protecting 30% of our land, our internal waters and territorial sea by 2030.

Although there are some concerns that this could result in policy that focuses on the percentage,⁴ rather than ecological hotspots, it at least starts a conversation. The goal must be to bring about change. The next step is to agree characteristics of ecological hotspots, identify and agree on these hotspots and then determine the required level of protection. If this had happened before the NZKS application was heard, we believe based on the evidence in this paper that the Blue Endeavour (open ocean) farm application would have been turned down and the Proposed Marlborough Environment Plan (PMEP) (discussed overleaf) would have identified the Queen Charlotte and Pelorus Sounds as 'inappropriate areas' for finfish farming. Commercial interests trumped because the information was not sought or unavailable. We need to ensure this does not happen again.

As we venture further into using our ocean, we need to ensure our public policy and compliance is fit for purpose. In this discussion paper we draw strongly on insights from New Zealand King Salmon's use of water space in order to improve governance systems and decision-making for New Zealand's long term.

Each infographic aims to form part of the wider picture of New Zealand's management of the ocean, to help conceptualise the scale and significance of aquaculture management. See brief description of infographics overleaf in blue.

Observations from following NZKS applications

- Many of the original consents are old, outdated and complex, and do not align with best practice. If a coastal permit has not been surrendered, expired or cancelled, it remains active.
- As impacts on the natural environment from salmon farming are complex and often difficult to define, commercial benefits often receive a higher weighting. This is particularly heightened as economic benefits are likely to occur in the short term whereas environmental impacts are long-term.
- NZKS has noted in its 2023 annual report (p. 19) that 'preparations have also commenced on renewal applications for sea farm consents due to expire in 2024. This work will continue into FY24 and beyond.' Six of the 12 NZKS sites expire in 2024. This includes the only two sites in Queen Charlotte Sound: Otanerau (site 8396) and Ruakaka (site 8274), and three in Pelorus Sound: Crail Bay (sites 8513, and 8515, currently fallowed), Forsyth Bay (site 8110, currently fallowed) and Waihinou Bay (site 8085, currently fallowed).
- NZKS farms are permitted to discharge 60,710 tonnes of feed; about 20% of the dry matter consumed is excreted as faeces, see Infographic 6 (Graph 1). This means about 13,500 tonnes of faeces is permitted to be released into the Marlborough Sounds and, if Blue Endeavour proceeds, an additional 4000 tonnes of faeces is permitted to be released into Cook Strait.
- There are serious concerns about the poor quality of baseline data and NZKS is not responsible for collecting baseline data in the Marlborough Sounds or Cook Strait. A lack of data collection means farms are more likely to be approved.
- Cooler temperatures are critical for salmon farming. But other species have not been researched. Other marine life is also challenged by small changes in temperature. At the same time, the extent of salmon mortality is increasing, arguably making ocean farming unethical as well as inefficient. 2000 tonnes of dead salmon were dumped at the Blenheim landfill in the 2022 calendar year, see Graph 6. There is a point at which this should be stopped.
- Salmon farming is carbon-intensive. All feed is imported and 59% of salmon is exported (FY2023, p. 11). See Infographic 5.
- The current legal system is failing to take account of climate and biodiversity when making decisions. It is not actively seeking or ranking the importance of climate or biodiversity. The precautionary principle is easily ignored and there is a failure to seek out effective baseline and ongoing reporting.

- Open ocean farming is expensive (i.e. \$150m for 10,000 tonnes p.a.). Land-based salmon farming is increasingly a viable option globally and other players are looking to build land-based farms, using a circular economy model (see for example the Mt Cook Alpine Salmon proposal). See Infographic 7.
- Environmental impacts are becoming more apparent. For example, an independent panel declined the resource consent application from Ngāi Tahu Seafood to construct and operate an open ocean salmon farm off the north-eastern coast of Stewart Island/Rakiura. The decision, dated 1 August 2023, states the marine area was important for a number of threatened and at risk indigenous fauna such as marine mammals and seabirds.^{5,6}

Current legislative framework for existing marine farms

The Resource Management (National Environmental Standards for Marine Aquaculture) Regulations 2020 (NESMA) set the current national regulatory framework and put in place a minimum set of protections. These regulations only apply to the replacement of coastal permits for existing marine farms and existing offshore marine farms.

Councils are able to set tighter local protections provided they identify 'inappropriate areas' in their plans. However, inappropriate areas have to be identified under Clause 6.⁷ If a council does not specify an inappropriate area in a plan, then NESMA protections become the default. Unfortunately the default has a built-in bias in Clause 44 towards the reapplication of extending existing finfish farms without public notification.

Implications for marine farms permitted under the 2004 ARA reforms

Permit holders can secure the right to continue operating under the existing coastal permit while the new one is being processed/appealed. Under s 165ZH of the RMA, farms with 'deemed coastal permits' granted under ss 10, 20, 20A and 21 of the ARA can continue to operate pending the determination of new applications if they have:

- applied for a new application at least six months before the expiry (e.g. if a permit expires on 31 December 2024 then they need to apply before 30 June 2024)
- or, if council (such as MDC) agrees, in the three-to-six-month period before the expiry (e.g. between 30 June 2024–30 September 2024).

Any application after 30 September 2023 can still go through the normal process, but they will not have the legal right to continue operating under the old permit pending the determination.

The only finfish farms that are able to rely on the 2004 ARA reforms to operate are (i) NZKS six farms in the Marlborough Sounds (which expire on 31 December 2024) and (ii) Sanford's Big Glory Bay farm in Stewart Island (which expires on 1 January 2025). If no Council plans exist to the contrary, both companies can reapply for their existing farms without public consultation under the NESMA.⁸

In practice this means NZKS can continue to operate their six farms that are due to expire on 31 December 2023 for however long the process of generating new applications will take, including resolving any potentially lengthy appeals.

2023 NESMA review

In August 2023, Fisheries New Zealand published a report from the year three review of NESMA. The report stated:

1. That the standards had overall been effective and met their objective, but implementation had not progressed as expected (this was particularly complex in Marlborough).
2. Certain regulatory changes may have been required.
3. Further engagement was needed with iwi/hapū and other Māori groups to ensure tangata whenua values are appropriately understood when applications for replacement consents are made.⁹

List of infographics

Infographic 1: Conservation status of selected seabirds, marine mammals and sharks that inhabit Cook Strait and the Marlborough Sounds

This infographic shows a range of seabirds, marine mammals and sharks that may be found in Cook Strait and their conservation status. All species listed are protected under either the Mammals Protection Act 1978 (dolphins and whales) or the Wildlife Act 1953 (seabirds and some species of shark).

Infographic 2: Marine space and protected areas

This infographic provides an overview of our ocean space, highlighting coastal regions and the marine protection zones.

Infographic 3: Marine aquaculture legislative history

This infographic provides a timeline of marine aquaculture policy in New Zealand, with a focus on salmon. It shows how salmon farming in New Zealand is relatively recent (from the 1980s) and how environmental protection policy has responded to salmon farming, rather than preceded it.

Infographic 4: NZKS salmon farms

This infographic is a timeline of the lifetimes of each of NZKS's farms, showing the significant time period permits were granted for. Table 4.1: NZKS salmon farms – By the numbers provides more detail on each farm (see the second page of this infographic).

Infographic 5: A carbon assessment and life-cycle analysis of NZKS's business model

Increasingly businesses need to think about their impact on carbon, both from the perspective of how the climate impacts their business and how their business impacts the climate.

Infographic 6: An overview of NZKS's operations – By the numbers

An increase in water temperature has significantly impacted NZKS's profitability and led to high levels of mortality (i.e. salmon become stressed when water temperatures rise above 21°C, see Infographic 7). The graphs illustrate the impact of climate change on NZKS's business model.

Infographic 7: Future of salmon farming – strategic options

This infographic illustrates the strategic options for salmon farming in the foreseeable future.

Background – the NZKS legal strategy

The journey towards the lack of planning for finfish farming in the Marlborough Sounds starts in 2020. Aquaculture farmers asked for marine farming to be considered separately from the Proposed Marlborough Environment Plan (PMEP). The Institute opposed this approach on the basis that finfish farms could not in practice be separated from the wider council plan (e.g. dead fish being disposed of in the Blenheim landfill). However the Marlborough District Council (MDC) approved the siloed approach and on 2 December 2020, publicly notified Variation 1 (applying to marine farming other than finfish) and Variation 1A (to finfish farming only). Hearings on both variations were held in November 2021.¹⁰ In total, 115 submissions were received.

Fast forward to 2023; the Aquaculture Hearing Panel provided its recommendations to MDC on 28 April. The independent panel recommended the withdrawal of Variation 1A. The panel recorded: 'Submissions highlighted inadequate consultation with the provisions of Variation 1A not adequately providing for current and future technological changes. Environmental changes including rising sea temperatures were cited as creating challenges for finfish farming in the Sounds.'¹¹

The recommendations of the Panel regarding Variation 1A were adopted at a full council meeting on 18 May 2023.

On 23 May 2023, MDC notified the public of their decision to remove Variation 1A from the PMEP. Due to the withdrawal by MDC of Variation 1A to the PMEP, and the statements within Variation 1 explicitly excluding finfish farming, there is no mapping of either appropriate or inappropriate areas for finfish farming (it is back to the drawing board as if Variation 1A never existed).¹²

Although Variation 1A is no more, the lack of any planning for finfish has been sent by Council back to the MDC Environment and Planning committee, which has been asked to reconsider what actions should be taken. To date they have only had one meeting with iwi, and any progress is likely to be next year or beyond.¹³ The Council has required that the committee not consult with the public, only specific stakeholders – once again preventing public involvement. The 23 May 2023 media statement said: ‘The hearings panel said provisions for managing finfish farming in Marlborough’s coastal marine area were still needed and recommended a further process to enable the development of these involving the use of a working group consisting of Marlborough’s Tangata Whenua Iwi and key stakeholders.’¹⁴ However, before any replacement for Variation 1A is developed, NZKS will be due to apply for any renewals for the six existing resource consents due to expire in 2024, setting in motion a series of events that are counter to the findings of the independent panel — that more public consultation was required, not less.

This means that although Queen Charlotte Sound was intended to be free of finfish farms (as per previous discussions¹⁵), it will not be unless MDC act fast and put in a plan that identifies ‘inappropriate areas’ in the Sounds for finfish farming.

The continued absence of plan provisions to address finfish farming leaves a regulatory gap, which means NESMA applies on its own. This is a potential win for NZKS and a potential loss for public consultation. NESMA relies on local plans to identify areas that are inappropriate for finfish farming. In the absence of local planning, NESMA applies default provisions that limit opportunities for public consultation and controls. In the Institute’s opinion, this leads towards the unintended outcome that no local controls will be placed on what is known to be an ecological hotspot. Salmon farming in the inner Sounds has always been contentious, and is well known to have negative ecological impacts.

This win by NZKS (whether intentional or not) relates to six farms, all of which are due to expire in 2024 under the Aquaculture Reform Act 2004 (ARA). Those 2004 reforms generously allowed the farms to continue for 20 years more without public consultation. Twenty years on, the same may happen again.

At the 2023 NZKS AGM held in Nelson, the NZKS board advised that they will reapply for the existing six marine farms in the inner Sounds. These reapplications are now under way.¹⁶ This includes two Queen Charlotte Sound farms and four Pelorus Sound farms.¹⁷ Under NESMA this means no public consultation unless either NZKS specifically requests it, or MDC decides there are special circumstances warranting notification. Even with consultation, MDC has minimal rights under NESMA to control the activity pending the development of local planning provisions for finfish farming.

Recommendations

Marlborough District Council (MDC)

1. Revive Variation 1A (or something similar) that specifies that Queen Charlotte Sound and areas in Pelorus Sound are inappropriate for existing aquaculture activities. This would mean MDC could decline an application by NZKS or put in place more stringent conditions (in line with more recent decisions). We understand that this would also enable MDC to invite public consultation on each application.
2. Given recommendation 1 is progressed, require all grandfathered marine farms that are active solely due to s10 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA) to undertake public consultation when reapplying for coastal permits. Notably, the more recent resource consents are over 100 pages whereas the older expiring consents are between 13 and 51 pages, indicating the older consents (including considerations and conditions) are very basic. It seems timely to let all the old consents expire and start afresh, applying conditions based on recent evidence. See Table 4.1. It is important that sites can revert to a clean and natural environment, with remediation where necessary.
3. Review existing, aged controls on farms to reassess their fitness for purpose based on more modern understandings of the marine environment, as older farms tend to have lower compliance. Build compliance capability and train marine compliance officers specialised in marine management.
4. Lead a citizen-scientist reporting mechanism with DOC and NGOs, where the community shares sightings of nationally critical, nationally endangered and nationally vulnerable seabirds, marine mammals and sharks.

Ministry for Primary Industries

5. Help develop a salmon feed industry in New Zealand (so that feed is no longer imported; the quantity required has a significant carbon cost in transportation).
6. Invest in and support land-based farming in preference to ocean farming where possible. In all cases, independently assess environmental risks, costs and benefits.

Minister for Oceans and Fisheries

7. Introduce a Marlborough Sounds Marine Protection Bill (along the lines of the proposed Hauraki Gulf/Tikapa Moana Marine Protection Bill. The Hauraki Bill will increase the total area under protection in the Hauraki Gulf Marine Park from just over 6% to about 18% and creates 12 new high protection areas to protect and restore marine ecosystems (restricting commercial or recreational fishing but allowing for customary practices of tangata whenua).¹⁸

8. Change NESMA so that all grandfathered marine farms throughout New Zealand that are active solely due to s10 of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA) have to be reapplied for and are subject to public consultation. There has already been a honeymoon period of 20 years without a full review or public consultation, and NESMA has the ability to extend this another 20 years without public consultation on an activity that pays no public rent for use of water space but creates pollution, both physical and visual.
9. Make Queen Charlotte Sound a marine mammal sanctuary (Type 3 of the Marine Protection Area network) in 2024 (when NZKS farm consents expire, see Infographic 4). Internal waterways are important due to their role in breeding and feeding fish, marine mammals and seabirds – they are the kindergarten of the sea. There is at least one pod of Hector’s dolphins that live in Queen Charlotte Sound, and provided commercial and recreational set net fishing is prohibited, marine mammals gain some form of protection.
10. Replace the inter-agency Oceans Secretariat with an Oceans Commission. The National Party, as part of its oceans policy, recognised the need for an Oceans Commission to advise the Government on strategies for sustainable ocean management and to foster relationships between the Crown, iwi and other stakeholders.¹⁹ Since the Oceans Secretariat was established in 2021, very little information has been made public regarding its key initiatives.

Furthermore, although an Oceans and Marine Ministers Group (OMMG) was established in 2021 to strengthen coordination across relevant Ministerial portfolios and agencies for delivery of the oceans and fisheries work programme, the results to date remain unclear.²⁰ We consider the underlying problem is a strong institutional evidence-based framework operating in the public domain. Without such a framework, the industry will fail to obtain a durable social licence to operate. Regular reporting on the ocean environment should be easily accessible by location and open to public participation.

11. Develop a coastal occupancy charge or resource rent tax regime (as in Norway) for all marine farmers. See Infographic 7.
12. Review the success of the 2008 *Marine Protected Areas: Classification, Protection Standard and Implementation Guidelines*. How could they be improved? See Infographic 3.
13. Revisit the Marine Reserves Bill. Progress has stalled. See Infographic 7.
14. Develop a strategy for meeting the Convention on Biological Diversity requirements – protection of 30% of internal waters and 30% of our territorial sea by 2030 (less than seven years away). See Infographic 2.

Department of Conservation/Ministry for the Environment

15. Research into marine baseline data of flora and fauna is beyond the current funding model of councils (e.g. MDC and Cook Strait). This could be funded from a national coastal charge or resource rent tax regime, providing funds either directly for councils or to DOC/MfE to undertake research, see 7 above). Species need to be understood in terms of their temperature limits, and how the loss of some species might impact the wider ecosystem. Megafauna and seabirds are critically important, particularly given our global responsibility as one of the seabird and marine mammal capitals of the world. Cook Strait is much more special and unique than the Institute originally thought.
16. Require MDC to send compliance reports on ocean and internal salmon farming to DOC as well as MPI.
17. Revisit the Memorandum of Understanding signed in 1998 between DOC and NZKS. DOC and NZKS signed a Memorandum of Understanding in 1998 regarding the Ruakaka farm, as part of negotiations to resolve references (appeals) on the proposed Marlborough Sounds Resource Management Plan. We understand this was to ensure that NZKS would not continue to farm in that location past the expiry date.²¹ The only other Memorandum of Understanding to have been entered into between DOC and NZKS was signed in 2010 and concerned support for DOC on environmental enhancement projects in the Marlborough Sounds.²²

Land Information New Zealand/Ministry of Foreign Affairs and Trade

18. Provide public access to a detailed map that clearly delineates internal waters from territorial waters, identifying both boundaries and spatial areas. See Infographic 2.

Over time, the combination of climate change and global tensions will put pressure on companies to move from a global efficiency business model to a national self-sufficient business model. For the salmon industry, that is likely to mean land-based farms located close to water, either using saltwater or freshwater. Concerns over the global impact on oceans from aquaculture are of growing interest. See for example the Taskforce on Nature-related Financial Disclosures (TNFD) invitation to comment, due 29 March 2024.²³

Open ocean farming is very expensive and risky. Risks include impacts of rogue waves and storms on infrastructure, impacts on wildlife (such as entangled marine mammals) and the potential negative impact of ocean farming on a company's social licence to operate.

Government and regulators, such as MPI and MDC, should be working with companies to shape long-term outcomes. They should not, as illustrated in the case of NZKS, create a system which results in the legal system being used to protect the interests of business above the interests of the community, or the wider ecosystem in which we all live. Other options exist for NZKS, such as land-based farms close to outlets that ideally recycle waste as fertiliser (such as the research being undertaken by High Country Salmon)²⁴ or expel pollution directly out to sea (on outgoing tides into the wider ocean). It is simply bad business to pollute one's own back yard.

The Institute hopes this discussion paper contributes towards MDC, MPI, NZKS and others thinking more seriously about the wider environment in which they operate, and the need for business to acknowledge that they should work hard to maintain a social licence to operate.



Wendy McGuinness
Chief Executive

December 2023

Infographic 1: Conservation status of selected seabirds, marine mammals and sharks that inhabit Cook Strait and the Marlborough Sounds

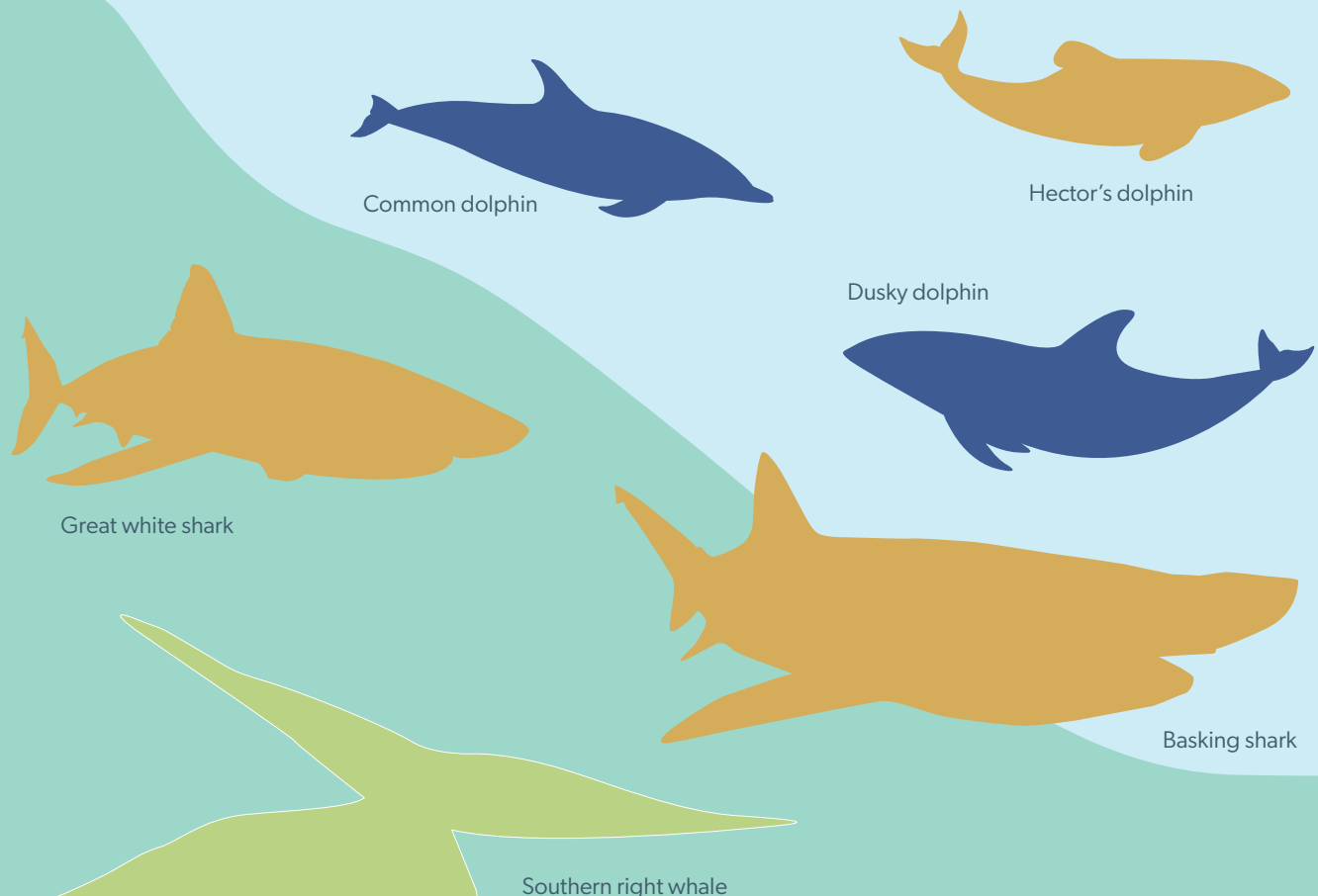
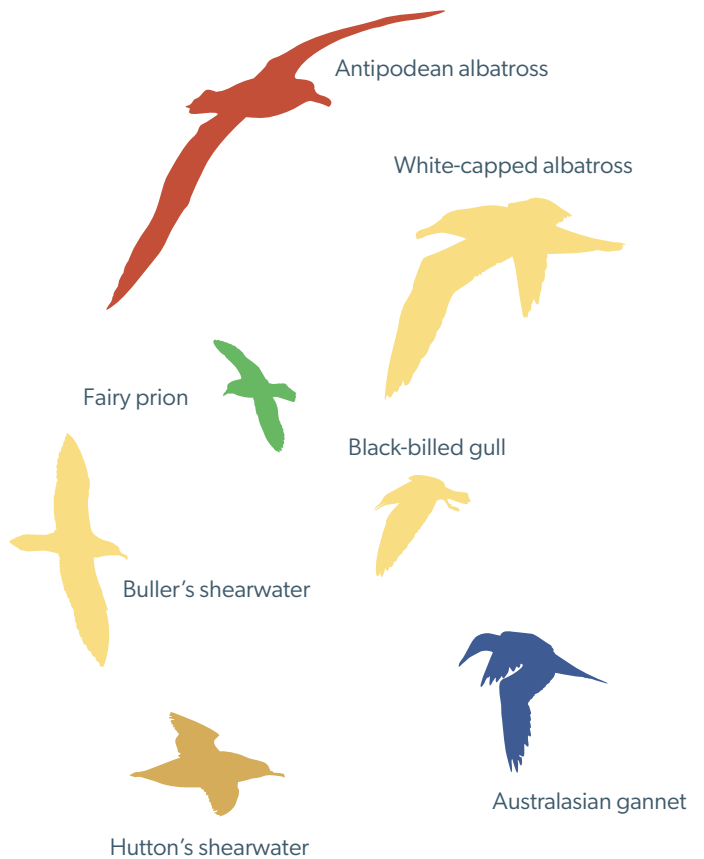
Key

Conservation status¹

Threatened	●	Nationally critical
	●	Nationally endangered
	●	Nationally vulnerable
	●	Nationally increasing
At risk	●	Declining
	●	Recovering
	●	Relict (small population stabilised after declining)
	●	Naturally uncommon
	●	Not threatened
	●	Data deficient
	●	Migrant (non-resident native)

Notes:

- Sizes are not accurate and are for illustrative purposes only.
- There are many other endangered fauna that inhabit Cook Strait and the Marlborough Sounds. For example, see other seabirds in Table 5. There are also no fish in this infographic other than the great white and basking sharks, which have been included because they are likely to interact with the Blue Endeavour farms.



'New Zealand is a very special place for seabirds. Nearly one-quarter of the world's seabird species breed in New Zealand – more than anywhere else on earth.'²

Marine Important Bird Areas

Important Bird Areas (IBAs) are sites that are recognised as internationally important for bird conservation and known to support key bird species and other biodiversity.

The IBA Programme is global in scale and more than 12,000 IBAs have already been identified worldwide, using standard, internationally recognised criteria for selection.³

*The New Zealand king shag is not an IBA trigger species for Cook Strait, but has been included as it is still considered a species of significance within the Marlborough Sounds.

'More than half the world's whale and dolphin species are found in New Zealand waters, yet very little is known about their migration paths, their behaviour and where they go.'⁵

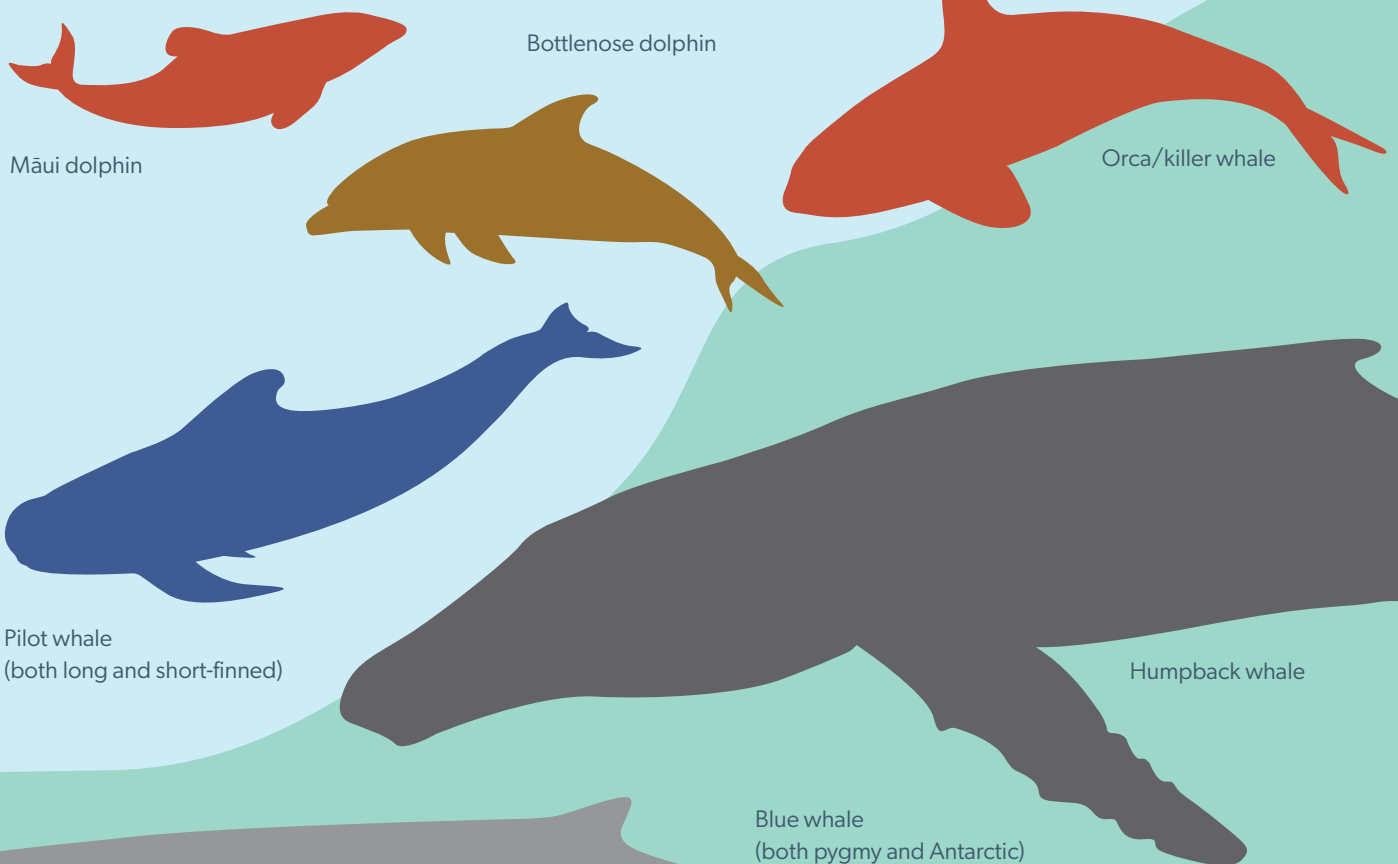
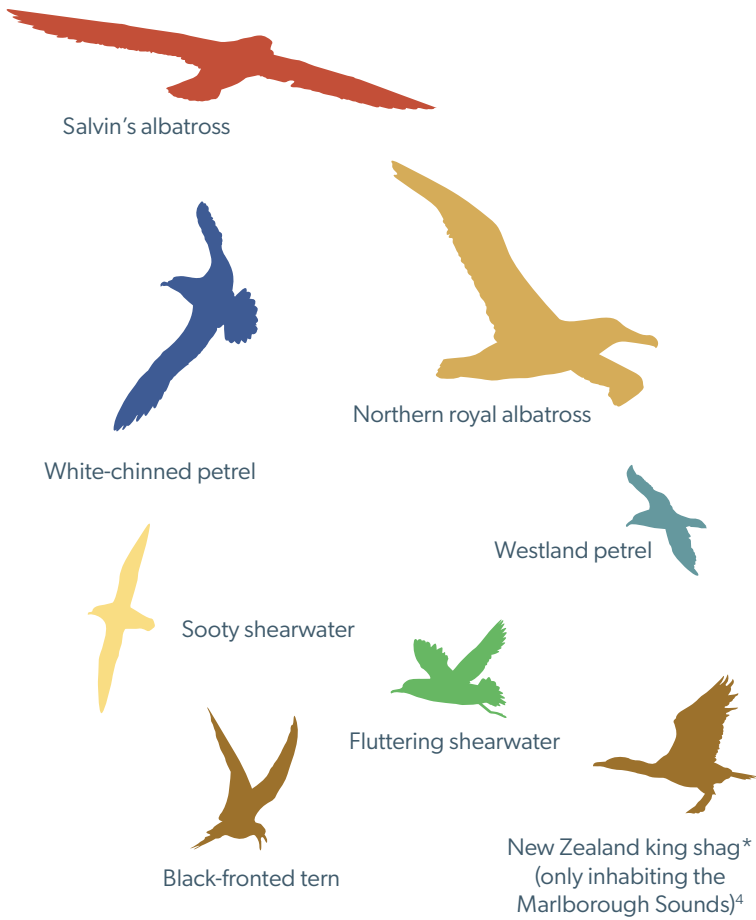


Table 1.1: Selected seabirds – conservation status




Species (A–Z) This list is generated from the IBA lists in Tables 1.3 and 1.4	Conservation status	Year of status	Reference
Antipodean albatross 	Nationally critical	Not found	Elliott, G. P. & Walker, K. J. (2022). Antipodean albatross – Toroa. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/antipodean-albatross
Australasian gannet 	Not threatened	Not found	Ismar, S. M. H. (2022). Australasian gannet – Tākāpu. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/australasian-gannet
Black-billed gull 	Declining	Not found	McClellan, R. K. & Habraken, A. (2022). Black-billed gull – Tarāpuka. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/black-billed-gull
Black-fronted tern 	Nationally endangered	Not found	Bell, M. (2022). Black-fronted tern – Tarapirohe. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/black-fronted-tern
Buller’s shearwater 	Declining	Not found	Taylor, G. A. (2022). Buller’s shearwater – Rako. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/bullers-shearwater
Fairy prion 	Relict	Not found	Miskelly, C. M. (2022). Fairy prion – Titī wainui. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/fairy-prion
Fluttering shearwater 	Relict	Not found	Gaskin, C. P. (2022). Fluttering shearwater – Pakahā. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/fluttering-shearwater
Hutton’s shearwater 	Nationally vulnerable	Not found	Gaze, P. D. (2022). Hutton’s shearwater – Kaikōura titī. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/huttons-shearwater
New Zealand king shag 	Nationally endangered	Not found	Schuckard, R. (2022). New Zealand king shag – Kawau pāteketeke. New Zealand Birds Online. Retrieved 11 May 2023 from www.nzbirdsonline.org.nz/species/new-zealand-king-shag
Northern royal albatross 	Nationally vulnerable	Not found	Sugishita, J. (2022). Northern royal albatross – Toroa. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/northern-royal-albatross
Salvin’s albatross 	Nationally critical	Not found	Sagar, P. M. (2022). Salvin’s mollymawk – Toroa. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/salvins-mollymawk
Sooty shearwater 	Declining	Not found	Sagar, P. M. (2022). Sooty shearwater – Titī. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/sooty-shearwater
Westland petrel 	Naturally uncommon	Not found	Waugh, S. M. & Bartle, J. A. (2022). Westland petrel – Tāiko. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/westland-petrel
White-capped albatross 	Declining	Not found	Sagar, P. M. (2022). White-capped mollymawk – Toroa. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/white-capped-mollymawk
White-chinned petrel 	Not threatened	Not found	Bell, E. A. (2022). White-chinned petrel – Karetai kauae mā. New Zealand Birds Online. Retrieved 10 May 2023 from www.nzbirdsonline.org.nz/species/white-chinned-petrel

Table 1.2: Selected marine mammal and shark conservation status

Species (A-Z)	Conservation status	Year of status	Reference
Antarctic blue whale 	Data deficient	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 12. Retrieved 14 June 2023 from www.nzctcs.org.nz/reports/1067
Basking shark 	Vulnerable	Not found	Department of Conservation (DOC). (n.d.). Basking shark. Retrieved 29 May 2023 from www.doc.govt.nz/nature/native-animals/marine-fish-and-reptiles/sharks-mango/basking-shark
Bottlenose dolphin 	Nationally endangered	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 6. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Common dolphin 	Not threatened	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 6. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Dusky dolphin 	Not threatened	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 6. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Great white shark 	Vulnerable	2018	Department of Conservation (DOC). (n.d.). White sharks. Retrieved 29 May 2023 from www.doc.govt.nz/nature/native-animals/marine-fish-and-reptiles/sharks-mango/white-shark
Hector's dolphin 	Nationally vulnerable	Not found	Department of Conservation (DOC). (n.d.). Hector's dolphin. Retrieved 10 May 2023 from www.doc.govt.nz/nature/native-animals/marine-mammals/dolphins/hectors-dolphin
Humpback whale 	Migrant	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 6. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Long-finned pilot whale 	Not threatened	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 6. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Māui dolphin 	Nationally critical	Not found	Department of Conservation (DOC). (n.d.). Māui dolphin. Retrieved 10 May 2023 from www.doc.govt.nz/nature/native-animals/marine-mammals/dolphins/maui-dolphin
Orca/killer whale 	Nationally critical	Not found	Department of Conservation (DOC). (n.d.). Killer whale/orca. Retrieved 10 May 2023 from www.doc.govt.nz/nature/native-animals/marine-mammals/dolphins/killer-whale-orca
Pygmy blue whale 	Data deficient	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 4. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067
Short-finned pilot whale 	Data deficient	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 12. Retrieved 14 June 2023 from www.nzctcs.org.nz/reports/1067
Southern right whale 	Recovering	2019	Baker, C. S., Boren, L., Childerhouse, S., Constantine, R., van Helden, A., Lundquist, D., Rayment, W. & Rolfe, J. R. (2019). Conservation status of New Zealand marine mammals, 2019. New Zealand Threat Classification Series 29. Department of Conservation, p. 17. Retrieved 11 May 2023 from www.nzctcs.org.nz/reports/1067

Table 1.3: Cook Strait IBA seabird species

Source: Forest & Bird. (2018). Important Bird Areas for New Zealand Seabirds: Sites at Sea: Seaward extensions, pelagic areas (p. 12). Retrieved 11 May 2023 from www.forestandbird.org.nz/resources/important-bird-areas-new-zealand-seabirds

NZ M005	Cook Strait
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Location	New Zealand, South Taranaki Bight, Cook Strait
IBA criteria (see page 14)	A1, A4ii, A4iii
Area	37, 776 km ²
Year of Assessment	2013

IBA trigger species:

Species	Tracking	Supporting data	Activity	IBA criteria	IUC
Fairy Prion		Seaward extensions (135km), observations	Foraging	A4ii	LC
Fluttering Shearwater	GLS	Seaward extensions (30km), observations	Foraging	A4ii	LC
Sooty Shearwater		Observations	Foraging, passage	A1, (A4iii)	NT
Australasian Gannet	GPS	Seaward extensions (60km), observations	Foraging	A4ii	LC
Black-billed Gull ¹		Observations	Post-breeding foraging	A1	EN
Black-fronted Tern ¹		Observations	Post-breeding foraging	A1	EN
Antipodean Albatross		Observations	Passage	A1	VU
Northern Royal Albatross		Observations	Passage	A1	EN
White-capped Albatross		Observations	Passage	A1	NT
Salvin's Albatross		Observations	Passage	A1	VU
Westland Petrel		Observations	Passage	A1, A4ii	VU
White-chinned Petrel		Observations	Passage	A1	VU
Buller's Shearwater	GLS	Observations	Passage	A1	VU
Hutton's Shearwater	GLS	Observations	Passage	A1, A4ii	EN
Species group (multiple species including a number not listed above)		Observations		A4iii	

¹ Included in Farewell Spit, Motueka, Wairau Lagoons and Lake Grassmere IBAs - all of which include coastal waters.

NB: Cook Strait is a major passage or flyway for pelagic seabirds breeding outside the region, including birds from northern islands (e.g. Buller's Shearwaters, Grey-faced Petrel), the West Coast of the South Island (e.g. Westland Petrel) and Subantarctic islands (e.g. Salvin's Albatross, Antipodean Albatross).

Table 1.4: Marlborough Sounds IBA seabird species

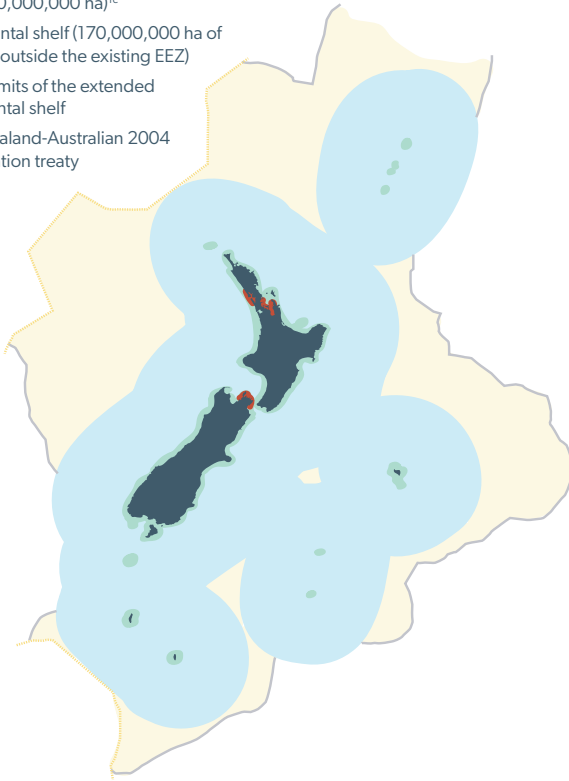
Source: Forest & Bird. (2018). Important Bird Areas for New Zealand Seabirds: Sites at Sea: Seaward extensions, pelagic areas (p. 14). Retrieved 11 May 2023 from www.forestandbird.org.nz/resources/important-bird-areas-new-zealand-seabirds

NZ M006		Marlborough Sounds			
Location	New Zealand, northern South Island				
IBA criteria (see page 14)	A1, A4ii, A4iii				
Area	1,358 km ²				
Year of Assessment	2013				
IBA trigger species:					
Species	Tracking	Supporting data	Activity	IBA criteria	IUC
King Shag		Seaward extensions (25km), bathymetry (50m)	Foraging	A1, A4ii	EN
Fairy Prion		Seaward extension	Foraging, passage	A4ii	LC
Fluttering Shearwater ¹	GLS	Seaward extension, observations	Foraging	A4ii	LC
Australasian Gannet		Seaward extension (60km), observations	Foraging	A4ii	LC
Black-billed Gull		Observations	Post-breeding foraging	A1, (A4iii)	EN
Black-fronted Tern		Observations	Post-breeding foraging	A1, (A4iii)	EN
Species group (multiple species not listed above)		Observations		A4iii	
<p>¹ A significant proportion of the global population of Fluttering Shearwaters breeds on islands in the Marlborough Sounds (5-10%). Large flocks are regularly seen foraging deep within the sounds and in waters immediately offshore and have been taken into account when drawing the boundaries for this IBA.</p>					

Infographic 2: Marine space and protected areas

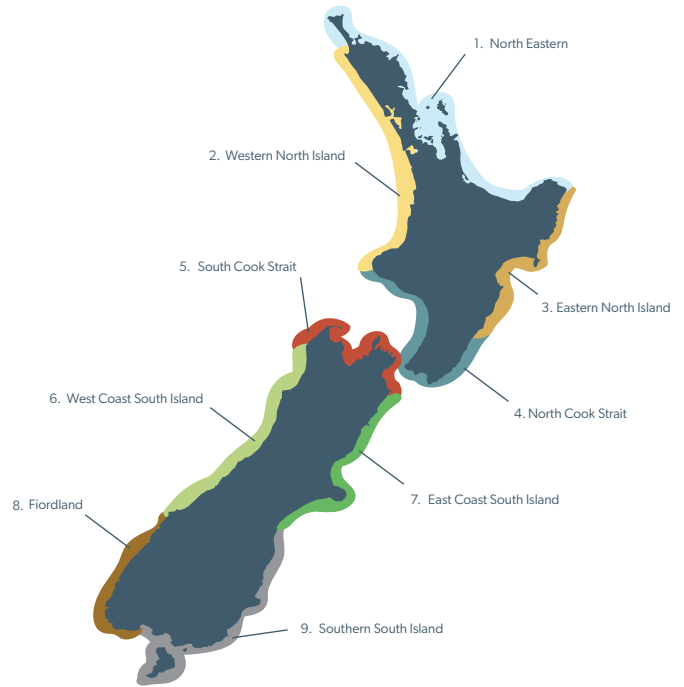
I: Marine area¹

- Internal waters (landward of the territorial sea baseline (TSB). LINZ is hoping to provide more detail in 2024, but the largest internal waterways are likely to be Marlborough Sounds, Kaipara Harbour, Hauraki Gulf and/or Thames Harbour.^{1a}
- Territorial sea (12-mile limit) (est. 18,100,000 ha)^{1b}
- Exclusive Economic Zone (est. 430,000,000 ha)^{1c}
- Continental shelf (170,000,000 ha of seabed outside the existing EEZ)
- Outer limits of the extended continental shelf
- ⋯ New Zealand-Australian 2004 delimitation treaty



II: 9 coastal marine biogeographic regions²

1. Biogeographic regions are areas constituting a natural ecological community with characteristic flora, fauna, and environmental conditions and bounded by natural rather than artificial borders.²
2. Illustration excludes a number of small islands.
3. Size in total is estimated as 18,109,595 ha.²



V: About

'New Zealand has the fifth largest EEZ (roughly 430 million hectares) in the world, about 15 times the size of our land mass', which means '[u]nder international law we have "sovereign rights" over this area'.

'New Zealand's marine ecosystems and species are highly diverse. This is due to a combination of factors, including our geological history and isolation, the range and complexity of habitats, and the influence of major ocean currents. The result is a wide variety, if patchy distribution, of marine plants and animals.'

'Marine scientists estimate that perhaps as much as 80% of New Zealand's indigenous biodiversity is found in the sea. While many of our marine fish also occur in other countries' seas, many of our benthic (bottom-dwelling) marine species are found only in New Zealand waters. Evaluating the state of New Zealand's marine biodiversity is difficult due to the very limited information we have about deep-sea species.'¹⁴

Convention on Biological Diversity

'Ensure and enable that by 2030 at least 30 per cent of ... inland water, and coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem functions and services, are effectively conserved and managed through ecologically representative, well-connected and equitably governed systems ...'¹⁵

'On March 4, 2023, and after nearly two decades of negotiations, UN member states, including Aotearoa New Zealand, reached the successful conclusion of negotiations for a new global treaty on conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction, commonly known as the high seas ... Nearly two-thirds of the ocean lies outside any country's national jurisdiction or control. These areas include the sea column beyond countries' EEZs and the seabed beyond countries' continental shelves ... The new agreement will help to protect biodiversity in these areas in two main ways: by enabling the international community to establish marine protected areas, and by setting clear procedures and requirements for assessing the environmental impacts of activities.'¹⁶

There is a variety of legislation and protections which cover the classification and management of marine protected areas in New Zealand.¹⁸

By the numbers

5th

New Zealand has the fifth-largest EEZ in the world (roughly 430 million hectares)¹⁴

80%

80% of New Zealand's indigenous biodiversity is in the sea¹⁴

Where we are now in 2023

9.5%

New Zealand has protected about 9.5% of its territorial sea¹⁷

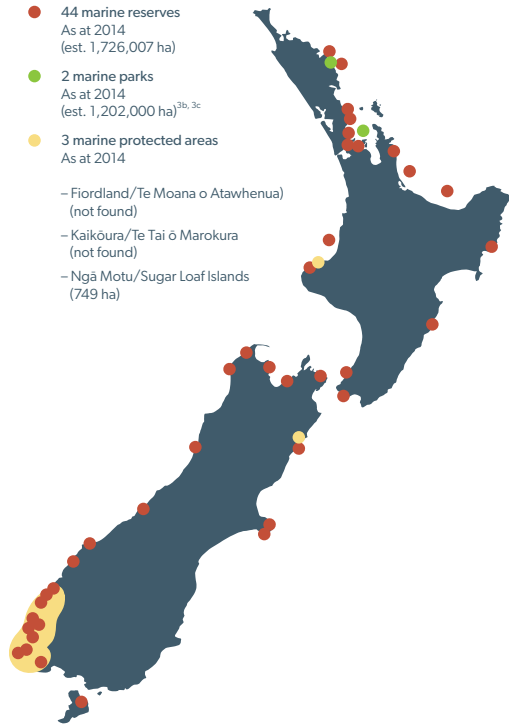
Where we need to be by 2030

30%

New Zealand has agreed to conserve and manage 30% of inland water and coastal and marine areas by 2030¹⁵

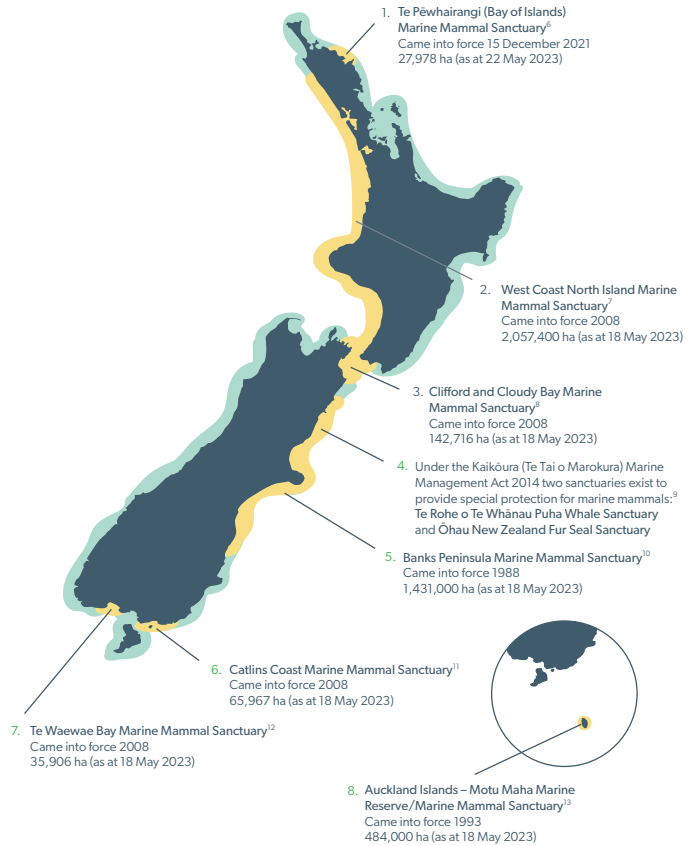
III: Marine protected areas (MPAs) network³

1. A marine protected area (MPA) is protected because it is considered unique or rare and/or a function of how the area serves marine life, and therefore fishing is not allowed.^{3a}
2. Illustration excludes a number of small islands.



IV: 8 marine mammal sanctuaries^{4, 5}

1. Illustration excludes a number of small islands.
2. Type 3 areas protected include marine mammal sanctuaries which cover a total est. 4,244,967 ha. See description of Type 3 areas below.



MPAs network levels of protection

- **Type 1 (high-level protection for flora and fauna)**
Type 1 areas protected est. 1,726,007 ha¹⁹

To date this type of protection covers the 44 marine reserves established under the Marine Reserves Act 1971. DOC is responsible for the implementation, management and monitoring of marine reserves.²⁰

- **Type 2 (low-level protection from fishing)**
Type 2 areas protected at least 1,202,749 ha

Includes 2 marine parks, 3 marine protected areas and a range of other small areas (such as submarine cable and pipeline protection zones). These areas have been established outside of the Marine Reserves Act 1971 and put in place protections against the adverse effects of fishing under the *Marine Protected Areas: Classification, Protection standard and implementation guidelines* (2008).²¹

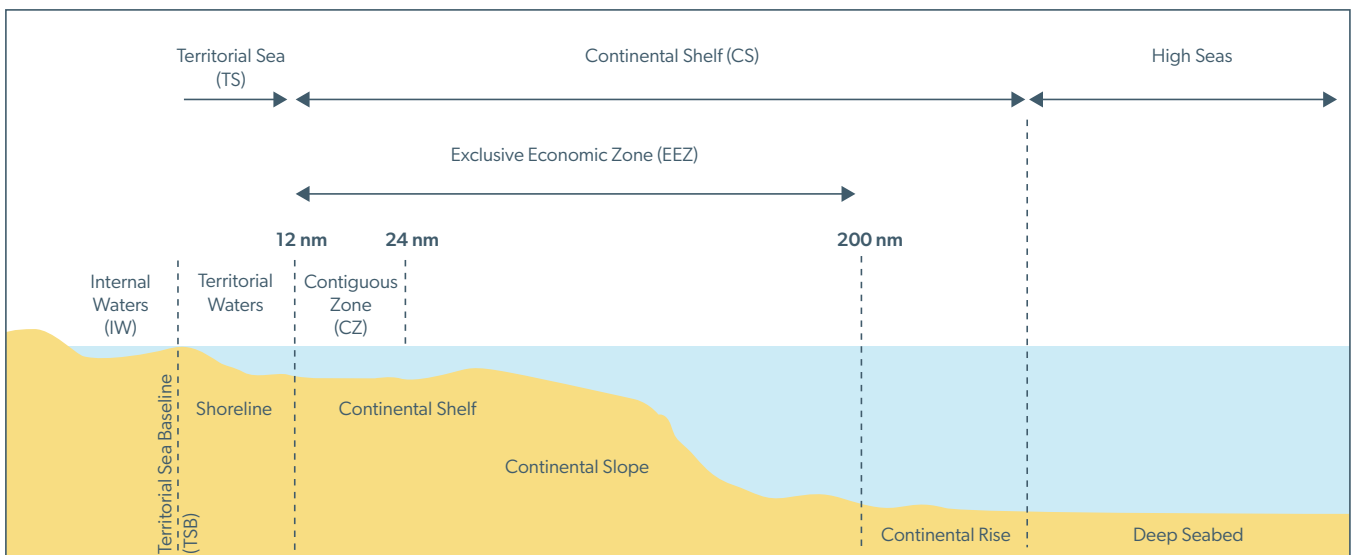
Protections outside the MPAs network

Type 3 (anything else)

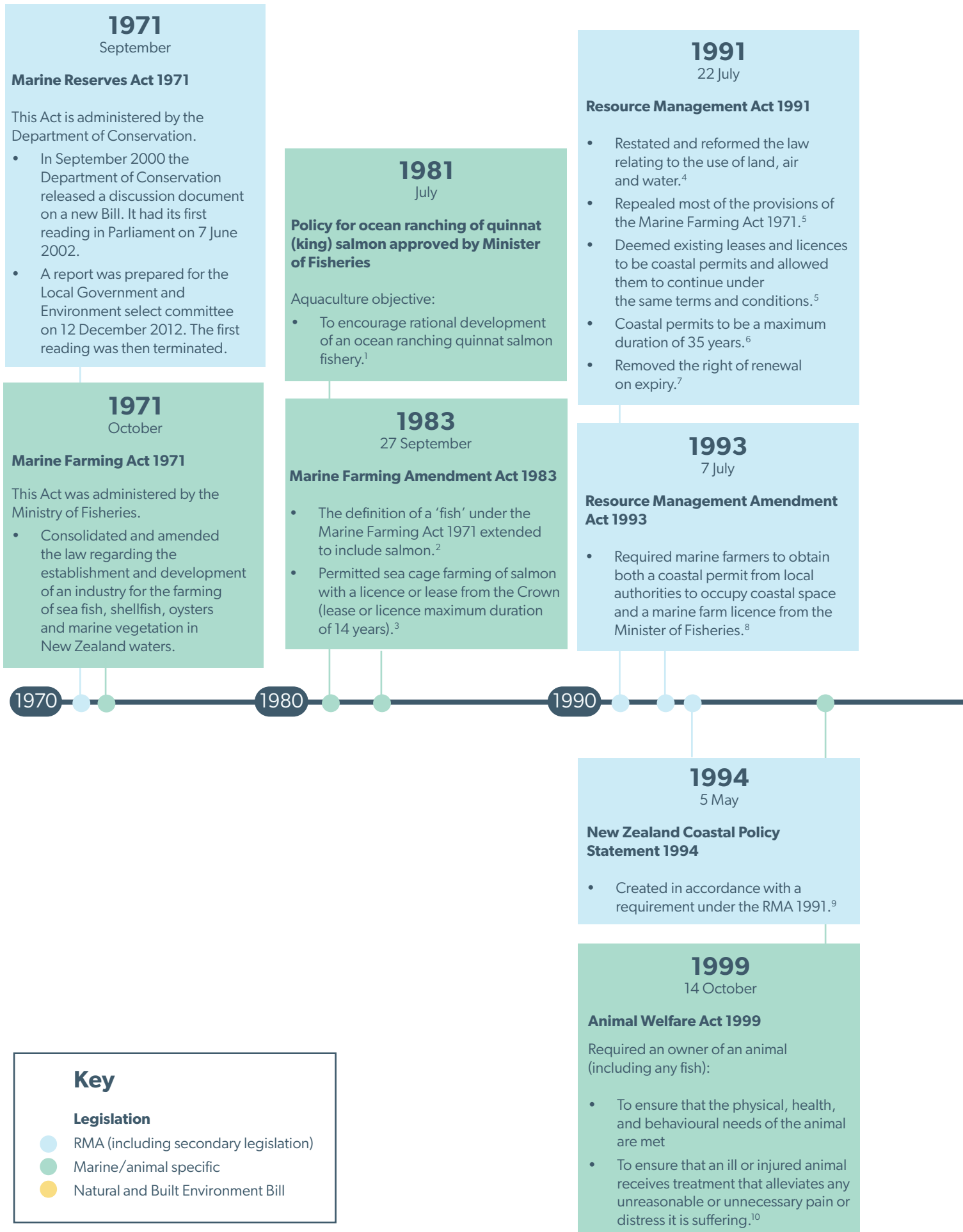
Includes the 8 marine mammal sanctuaries (see IV above) and any other form of protection that might exist in the network that does not need to meet the biodiversity requirements set out in the 2008 protection standard (mentioned under Type 2).²²

Note: The Fisheries Act 1996 provides for customary fisheries (e.g. mātaītai reserves).

VI: Maritime boundary definitions^{23, 24, 25, 26}



Infographic 3: Marine aquaculture legislative history



See case study in Infographic 4: NZKS salmon farms

2002

25 March

Resource Management (Aquaculture Moratorium) Amendment Act 2002

- Suspended the granting of coastal permits for aquaculture activities.
- Opportunity for regional coastal plans and proposed regional coastal plans to provide for aquaculture management areas where aquaculture activities can be undertaken only as a controlled or discretionary activity, and areas where aquaculture activities are prohibited.
- Allowed for consequential amendments to fisheries legislation.¹¹

2020

27 July

Resource Management (National Environmental Standards for Marine Aquaculture) Regulations 2020 (NESMA)

- These regulations only apply to the replacement of coastal permits for existing marine farms. New marine farms formed after the commencement of these regulations, such as Blue Endeavour, rely on the decision-maker to take account of all effects.¹⁹
- In March 2021, the following guides were published by Fisheries New Zealand
 - (i) User Guide
 - (ii) Plan Alignment Guide
 - (iii) Consenting Guide

2010

3 December

New Zealand Coastal Policy Statement 2010

- Replaced the NZCPS 1994.¹⁵

2004

18 March

Resource Management (Aquaculture Moratorium Extension) Amendment Act 2004

- Extended the 2002 moratorium to 31 December 2004.¹²

2004

21 December

Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA)

- Repealed the Marine Farming Act 1971 and parts of the Fisheries Act 1983 (see Fisheries Amendment Act 2004).¹³
- Amended the Resource Management Act 1991.¹⁴
- Deemed all existing leases and licences to be a 'coastal permit' under the RMA (ARA, s 10).

2011

1 October

Resource Management Amendment Act (No. 2) 2011

- Designed to reduce costs, delays and uncertainty; promote investment in aquaculture development; and enable integrated decision-making.¹⁶
- Coastal permits for aquaculture are to have a minimum term of 20 years (unless a shorter term is requested by the applicant or is required to manage effects). In the absence of a date specified, coastal permits lapse after three years if they are not implemented.¹⁷
- Removed the requirement for an aquaculture management area (AMA).¹⁸

2022

15 November

Natural and Built Environment Bill proposed

Aquaculture objectives:

- More certain and efficient space allocation and consenting processes.
- Promoted investment confidence providing for new opportunities (such as open ocean aquaculture).
- Enabled the aquaculture industry to adapt more readily to climate change, cumulative effects and biosecurity issues.²⁰

2023

27 June

Natural and Built Environment Report

- Select Committee report due.²¹

2000

2010

2020

Infographic 4: NZKS salmon farms

See Table 4.1: NZKS salmon farms – By the numbers for more detail on each farm.

Ruakaka
1985 (year established)¹

Waihinau Bay
1989¹

Otanerau
1990¹

Te Pangu
1992¹

Forsyth Bay
1994¹

Clay Point
2007¹

Crail Bay*
2011¹

2011

2013

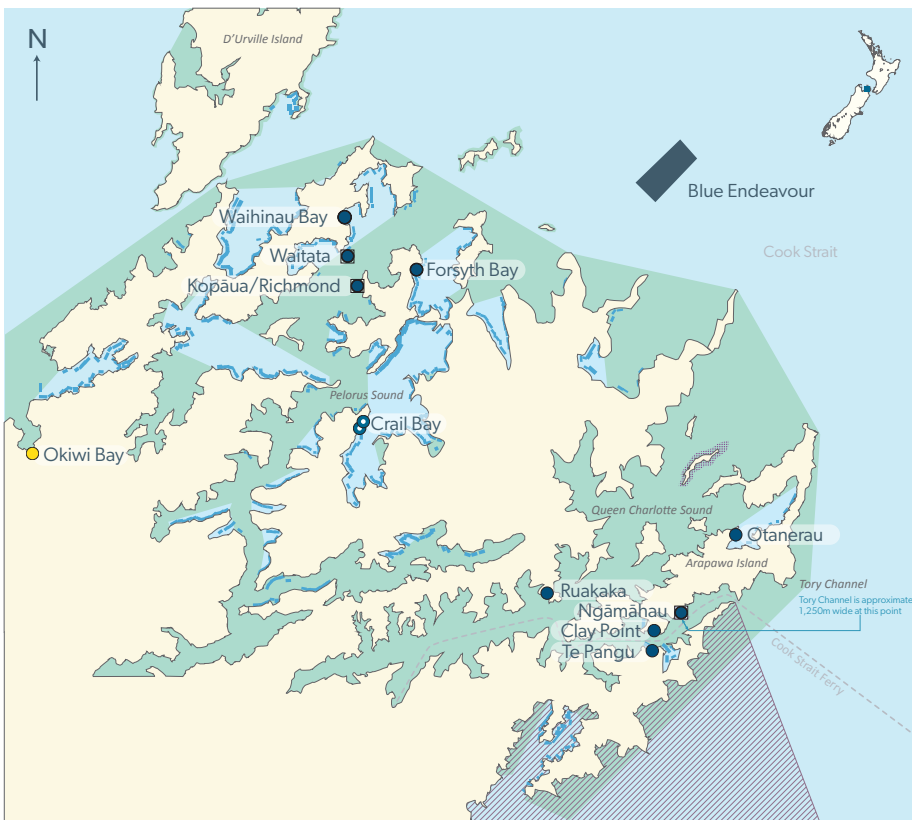
2014

7. Ngāmāhau
2015¹

8. Waitata
2016¹

9. Kopāua/Richmond
2016¹

Map of NZKS farms¹⁰



1. Salmon farm key

- A permitted NZKS salmon farm in operation or followed
- An existing NZKS salmon farm not in operation. NZKS purchased the two Crail Bay farms from Pacifica in order to purchase their salmon. NZKS has told the Board of Inquiry in 2012 that both farms are uneconomic and will not be operated except for research in the future.
- Skretting Limited Finfish Research Facility (Permit U160029). This consent expires 26 January 2034.

2. Marine zones, reserves and sanctuaries key

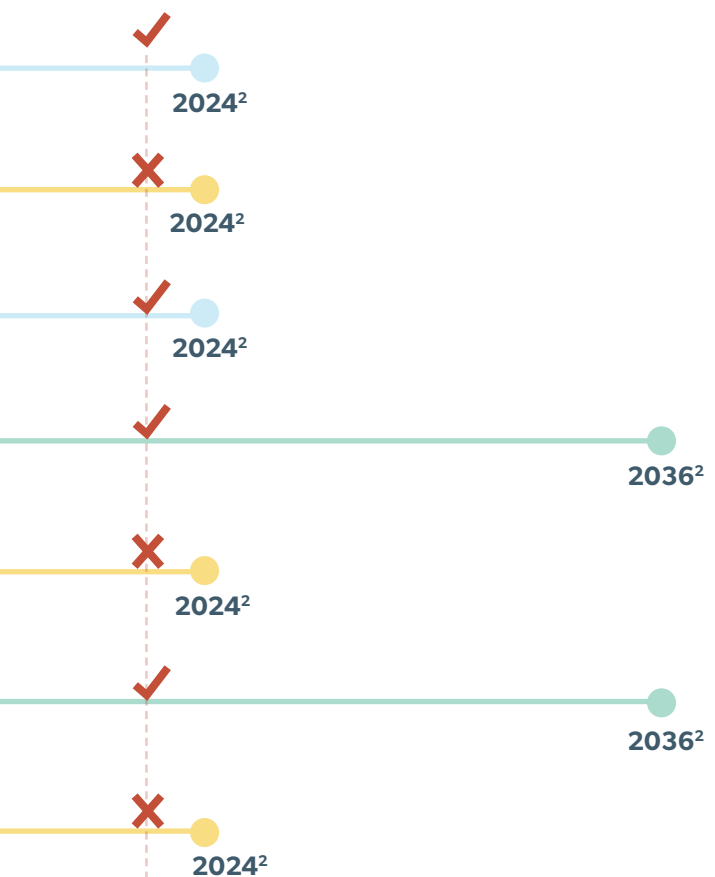
- Coastal Marine Zone 1 (CMZ1)
New aquaculture activity is prohibited.
- Coastal Marine Zone 2 (CMZ2)
Aquaculture activity is permitted once consent is granted by the Marlborough District Council.
- Coastal Marine Zone 3 (CMZ3)
A special zone that is created to allow for a non-complying activity. The Marlborough District Council can grant a coastal permit if the non-complying activity meets specific requirements set by the Council. See the 2013 BOI decision.
- Kokomahua (Long Island) Marine Reserve
- Marine Mammal Sanctuary

1985

1995

2005

2015



Key

Location

- Queen Charlotte Sound/ Tōtaranui
- Pelorus Sound/ Te Hoiere
- Tory Channel/ Kura Te Au
- Cook Strait

Internal waters (Queen Charlotte Sound, Pelorus Sound, Tory Channel)
Territorial waters (Cook Strait)

Current status (as at May 2023)

- Permitted site – active
- Permitted site – followed³
- Under appeal by DOC and McGuinness Institute (subject to resolution of consent appeal)

Proposed farms rejected

- Farms rejected by 2013 Board of Inquiry (BOI)
- Farm rejected by 2014 Supreme Court

* Crail Bay includes two sites. One site is for a seaweed trial and the other is for salmon farming.⁴

** NZKS has reported that If Blue Endeavour is to progress, the three followed farms in the Pelorus Sound/ Te Hoiere will be used as nursery sites for nine months of the year.⁵

EPA/BOI: NZKS lodges requests for two plan changes and applications for resource consents for nine farms (see 1–9 in Table 4.1)⁶

BOI denies requests for plan changes and applications for resource consents at:⁷

- 1. Kaitapeha
- 2. Ruaomoko
- 3. Kaitira
- 4. Taipipi
- 5. White Rock Horse

Supreme Court grants EDS Appeal denying plan change and resource consent at:⁸

- 6. Papatua

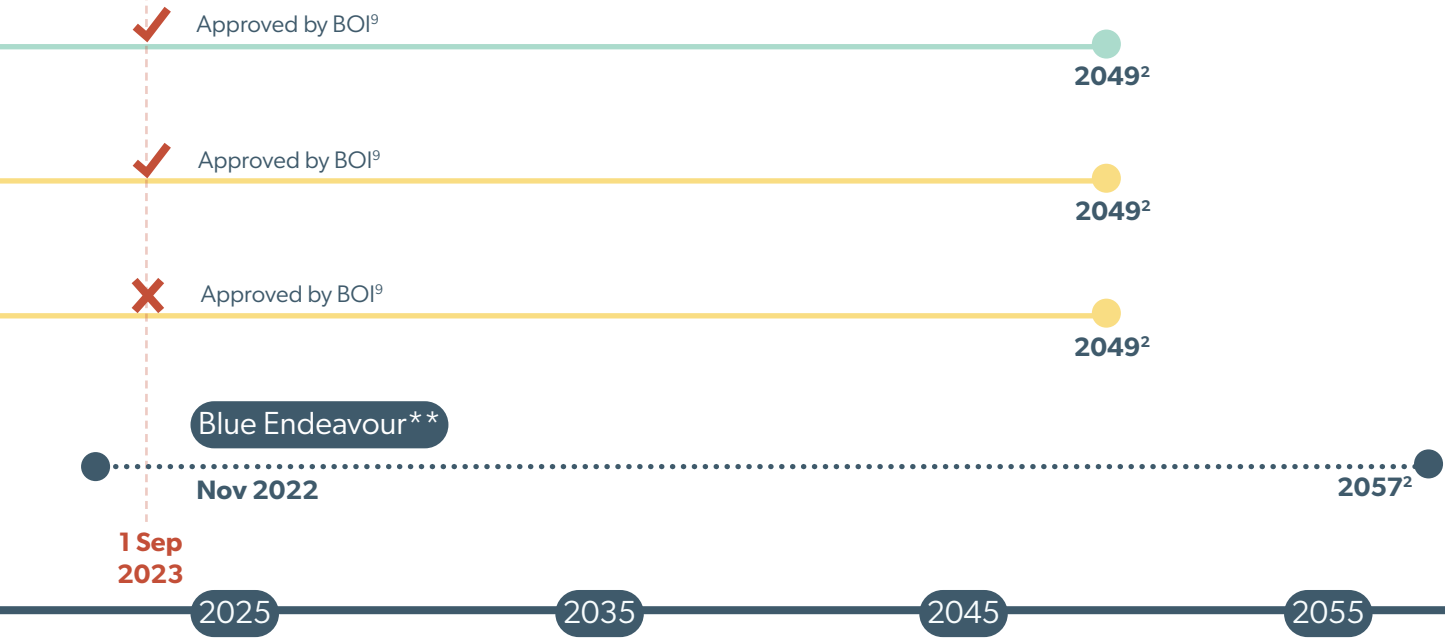


Table 4.1: NZKS salmon farms – By the numbers

Abbreviations:

ARA: Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
 App.: Appendix
 MDC: Marlborough District Council

MFL: Marine farming licence
 MI: McGuinness Institute Office
 MOF: (previous) Ministry of Fisheries
 MPE: Marine farming permit

NF: Not found in resource consent
 PC: Personal correspondence
 PR: Planners Report
 RCNF: Resource consent not found by MDC or MPI
 U#: A resource consent application made to MDC

Description (as at 1 September 2023)			
NZKS salmon farms with resource consents	Site number	Resource consent Note: Date granted refers to the original consent date	No of pages ¹
Internal waters (in the Marlborough Sounds)			
Queen Charlotte Sound/Tōtaranui			
1. Otanerau (active) (one farm) ²	8396 (exp. 2024)	MFL446 (granted 11 July 1990, p. 17). Permitted species: a mix, p. 1	37
		U040217 (granted 22 April 2005, p. 9). Permitted species: a mix, p. 1	43
		MPE763 (granted 9 January 2006, MOF [MDC PC, 15 June 2023]). Original resource consent not found, but relied upon for activity .	15 (in part)
2. Ruakaka (active) (one farm) ³	8274 (exp. 2024)	MFL001 (granted 29 September 1975, p. 23). Permitted species: a mix, p. 5	48
		U200301 (granted 15 October 2020, p. 10). Replaces part of U021247 (enables subsurface anchoring structures , p. 1)	13
Pelorus Sound/Te Hoiere			
3. Crail Bay (seaweed, NZKS FY23, p. 20) (one farm)	8513 (exp. 2024)	U090660 (granted 9 July 2010, p. 8). Permitted species: king salmon , p. 4 (note this and U090634 below are in the same decision)	40
		MFL048 (granted 27 June 1978, p. 23). This consent does not allow salmon farming, but is required for U090660 to operate, see pp. 4, 39 of U090660)	34
		U130743 (granted 4 April 2014, p. 20) (enables a feed barge , p. 2)	48
4. Crail Bay (fallowed) (one farm) ⁴	8515 (exp. 2024)	U090634 (NZKS) (granted 9 July 2010, p. 8). Permitted species: king salmon , p. 3. (note this and U090660 above are in the same decision)	40
		MFL032 (Crail Bay Trust) (granted 18 May 1977, p. 24). This consent does not allow salmon farming, but is required for U090634 to operate, see pp. 3, 30 of U090634. Permitted species: a mix, p. 11	44
5. Forsyth Bay (fallowed) (one farm) ⁵	8110 (exp. 2024)	U040412 (granted 4 May 2005, p. 3). Permitted species: a mix, p. 17	24
		MFL239 (granted 30 June 1982, p. 14). Permitted species: a mix, p. 3	46
6. Kopāua/Richmond (fallowed) (new, one farm)	8633 (exp. 2049)	U140295 (granted 14 March 2013, p. 68). Permitted species: king salmon, p. 73	105
7. Waihinau Bay (fallowed) (one farm) ⁶	8085 (exp. 2024)	MFL456 (granted 24 April 1991, p.20). Permitted species: a mix, p. 3	51
8. Waitata (active) (new, one farm)	8632 (exp. 2049)	U140294 (granted 14 March 2013, p. 149). Permitted species: king salmon, p. 155	187
Tory Channel/Kura Te Au			
9. Clay Point (active) (one farm)	8407 (exp. 2036)	U160675 (granted 9 November 2016, p. 20). Permitted species: king salmon, p. 17	23
10. Ngāmāhau (active) (new, one farm)	8634 (exp. 2049)	U140296 (granted 14 March 2013, p. 101). Permitted species: king salmon, p. 107	136
11. Te Pangu (active) (one farm) ⁷	8408 (exp. 2036)	U150081 (granted 26 January 2016, p. 16). Permitted species: king salmon, p. 1	18
Total (11 sites)	—	—	—
External waters (in Cook Strait)			
12. Blue Endeavour ⁸ (two farms)	Not yet designated	U190438 (granted 10 November 2022, p. 120). Permitted species: king salmon, p. 1. Subject to resolution of consent appeal	199
Total (12 sites)	—	—	—

Note:

There are errors in the MDC Smart Map marine farms website summary.⁹ These are likely to be corrected by MDC. Given this, the Institute has sought the actual active resource consents, and relied solely on those documents. If using the Smart Map marine farms website summary, please note the application number is also the resource consent number (also known as a coastal permit). MDC has been able to supply all of these except MPE763. MPE763 is an historical but active resource consent that neither MDC or MPI have been able to find.¹⁰ The Institute has uploaded all other resource consents to our website. The page number where the data has been collected can be found in the table below. Interestingly, six farms are permitted to farm only king salmon, whereas six can farm other fish (such as snapper) or marine flora (such as seaweed).

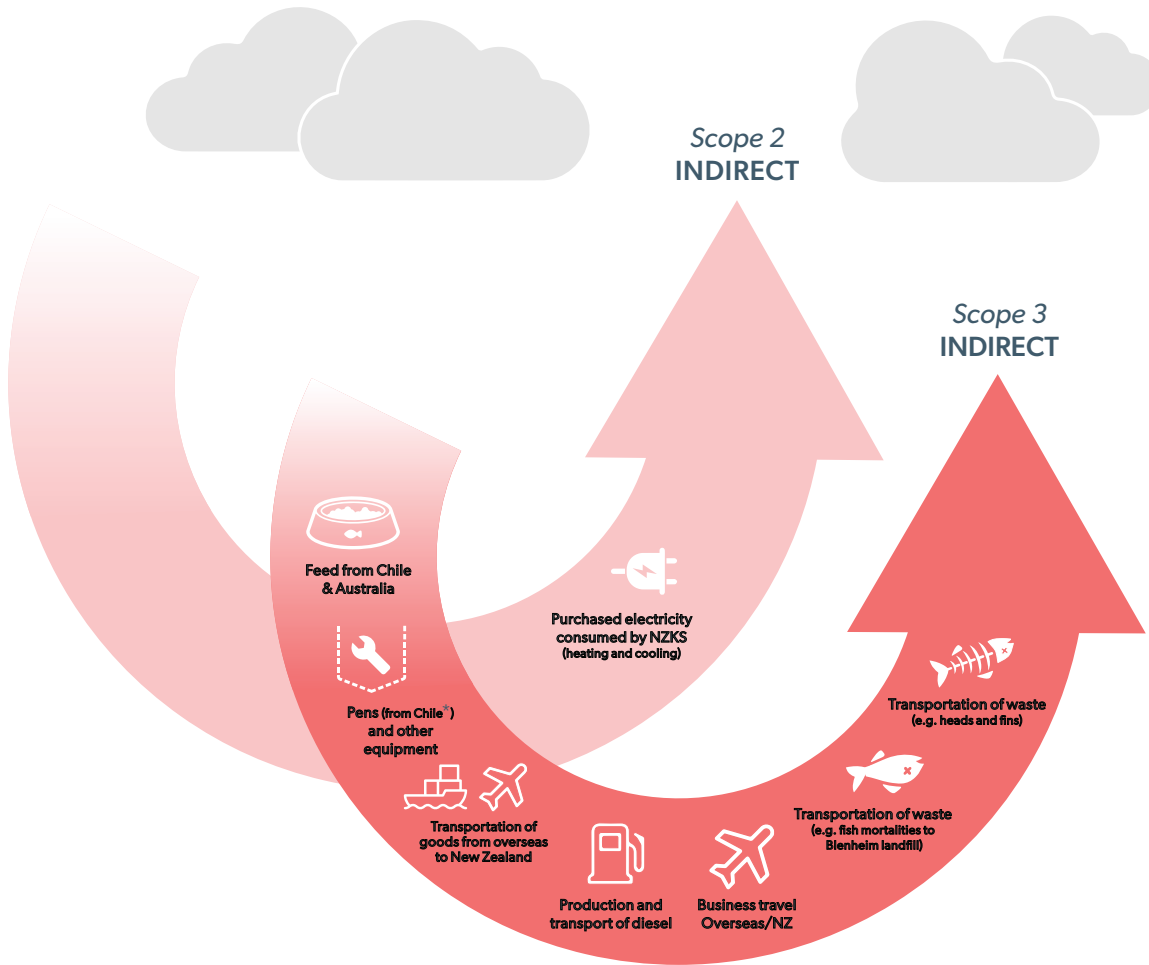
MPI also hosts an interactive web-based mapping tool, NABIS (National Aquatic Biodiversity Information System), which displays information about New Zealand’s marine environment, species distributions and fisheries management (including data on marine farms). MPI relies on councils to provide information to update NABIS.¹¹

Bold italics: Highlight key data relied upon in order for the site to operate as it does today.

Related resource consents Note: These are surrendered, expired or cancelled	Max. area (ha)				Max. feed (t)
	Pen surface area	Pen boundary area	Marine farm boundary area	Overall consent area	Permitted feed discharge pa
No copy at MI: 010127, 950653, 981011, 060822, 080726, 160039, 090002.	2.000 (p. 2)	2.000 (p. 2)	3.250 (p. 2)	3.250 (p. 2)	NF
	2.000 (p. 2)	2.000 (p. 2)	7.550 (p. 1)	7.550 (p. 1)	4000 (p. 34)
	RCNF	RCNF	RCNF	RCNF	RCNF
No copy at MI: 980543, 950656, 060822, 080726, 001268, 090002, 021247 (exp. 7 May 2021).	2.000 (p. 6)	2.000 (p. 6)	4.500 (p. 6)	4.500 (p. 6)	2000 (est.) See note on p. 50.
	2.000 (see MFL001, p. 6)	NF	11.300 (p. 1)	11.300 (p. 1)	No condition exists, see note on p. 50.
No related resource consents	0.391 (p. 31)	4.500 (p. 31)	4.500 (p. 14)	4.500 (p. 14)	1770 (p. 4)
No related resource consents	NF	NF	4.500 (p. 8)	4.500 (p. 8)	NF
No related resource consents	NF	NF	NF	NF	NF
No related resource consents	0.391 (p. 22)	6.400 (p. 22)	6.400 (pp. 22, 30)	6.400 (pp. 22, 30)	1440 (p. 3)
No related resource consents	NF	NF	6.400 (p. 10)	6.400 (p. 10)	NF
No copy at MI: 950523, 980454, 060822, 080726, 130789, 180278, 090002.	2.000 (p. 5)	2.000 (p. 17)	6.000 (p. 6)	6.000 (p. 6)	4000 (p. 5)
	2.000 (p. 7)	2.000 (p. 7)	6.000 (p. 7)	6.000 (p. 7)	(repeats 4000 above)
No copy at MI: 170579.	1.500 (p. 75)	5.000 (p. 3)	16.487 (p. 98)	16.487 (p. 98)	4000 (p. 78)
Hard copy at MI: 000956 (exp. 31 Oct 2010) No copy at MI office: 990126, 060822, 080726, 180707, 090002.	2.000 (p. 7)	4.000 (p. 7)	8.000 (p. 6)	8.000 (p. 6)	3000 (est.) See note on p. 52.
No copy at MI: 170579, 180735, 180778.	1.500 (p. 157)	3.500 (p. 85)	16.500 (p. 83)	16.500 (p. 83)	6000 (p. 160)
Hard copy at MI: 060926. No copy at MI office: 001268, 950655, 060822, 080726, 090002, 080054.	2.000 (p. 4)	3.150 (p. 4)	19.644 (p. 4)	19.644 (p. 4)	4500 (p. 6)
Hard copy at MI: 150355.	1.500 (p. 109)	3.183 (p. 37)	16.500 (p. 37)	16.500 (p. 37)	4000 (p. 112)
No copy at MI: 950654, 010142, 981072, 040813, 060822, 080726, 090841, 100656, 110410, 120226, 130472, 090002.	1.500 (p. 1)	9.027 (p. 1)	21.092 (p. 1)	21.092 (p. 1)	6000 (p. 1)
—	16.782	44.760	137.226	137.226	40,710
No related resource consents	12.000 (p. 123) 2x6 pens (6 ha)	380.000 (p. 6) 2x2 areas (190 ha)	380.000 (p. 6) 2x2 areas (190 ha)	1000.000 (p. 6)	20,000 (p. 8)
—	28.782	424.760	517.236	1137.226	60,710

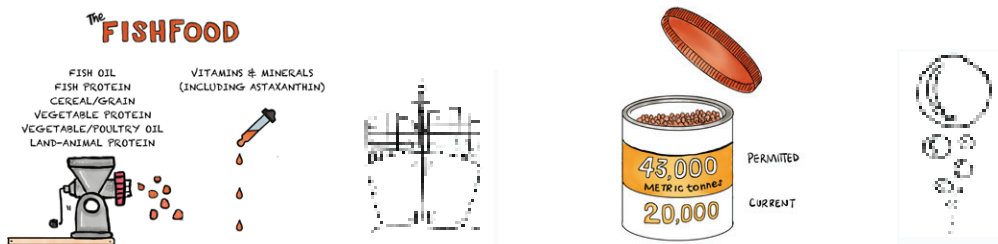
Infographic 5: A carbon assessment and life-cycle analysis of NZKS's business model

A: A carbon assessment – Exploring Scope 1, 2 and 3 for New Zealand King Salmon's business model



B: Life-cycle analysis – Exploring New Zealand King Salmon's business model

Upstream activities → Reporting company →

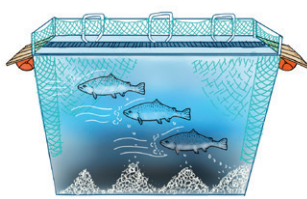
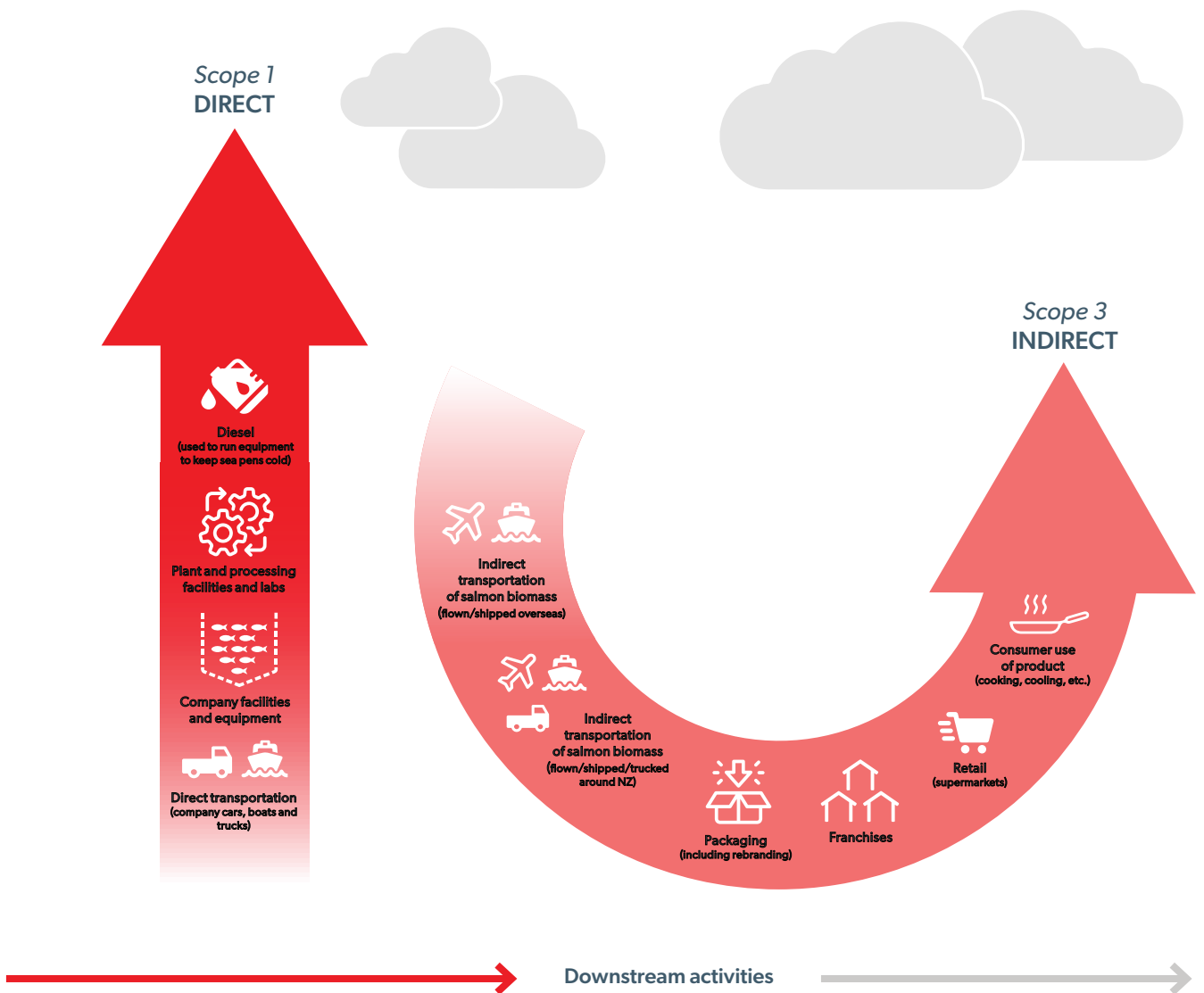


	SALMON FEED	IMPORTS	FEED VOLUME	DIESEL UPWELLING SYSTEMS
2023	FY2019 (p. 42)	Feed largely from Tasmania, Australia. FY2023 (p. 7)	18,616 t (est) FY2023 (pp. 10, 85)**	Cool water is pumped up to the surface of farm pens. FY2019 (p. 10)
2019	FY2019 (p. 42)	Feed from Chile and Australia. Pens from Chile. FY2019 (p. 86)*	19,593 t FY2019 (p. 13, 85)**	Cool water is pumped up to the surface of farm pens. FY2019 (p. 10)

Assumptions and estimates

* Imports: See FY2019 (p. 86); FY2023 (p. 7). See also Winter, C. (8 January 2015). Chilean firm wins King Salmon contract. Stuff. Retrieved 13 June 2023 from www.stuff.co.nz/business/farming/aquaculture/64750652/chilean-firm-wins-king-salmon-contract

** Feed volume in tonnes: [Total live weight harvested + mortality (est, see ***)] x Feed conversion ratio (FCR) (FY2023, pp. 10, 85: [6834 t + 4381 t (see very estimated figure in *** below)] x 1.66 = 18616 t) (FY2019, p. 13).



HARVESTED BIOMASS	MORTALITY	FAECES	SALES VOLUME	OVERSEAS
6834 t (Live weight) FY2023 (p. 85)	4381 t (est) \$25.9 m (cost) FY2023 (p. 85)***	3723 t (est) (20% of feed)****	5837 t FY2023 (p. 9)	3443 t (59%) Major countries include Australia, Japan and the US. FY2023 (pp. 13, 91)
9013 t (Live weight) FY2019 (p. 82)	2954 t (est) \$17.5 m (cost) FY2019 (pp. 13, 82)***	3919 t (est) (20% of feed)****	7520 t FY2019 (p. 12)	4060 t (54%) FY2019 (p. 59)

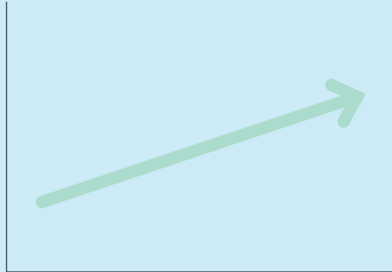
*** Mortality in cost and tonnes: [Feed volume p.a. divided by FCR] - harvest volume p.a. (FY2019, p. 13: [19593 t / 1.8] - 7931 t = 2954 t). 2023: We have used FY2019 figures to estimate the relationship between cost of mortality and tonnes of mortality. (FY2023: [2019 \$17,465,000 cost / 2954 t = \$5,912 cost of mortality per t, then 2023 \$25,943,000 cost / 2019 \$5,912 cost of mortality per t = 4381 t (a rough estimate)). Note: We could not find feed volume in either FY2022 or FY2023, and we could not rely on FY2021 (as it was a seven-month financial year) or FY2020 (as the financial results were significantly impacted by COVID-19).

**** Faeces: NZKS BOI June 2012 Wybourne: 'Skretting expects that about 20% of the dry matter consumed is excreted as faeces, for NZ King Salmon current salmon diet range'. Faeces estimate based on 20% of feed volume (FY2023: 18616 (pp. 10, 85) (est, see **) x 0.2 = 3723) (FY2019, p. 13: 19,593 x 0.2 = 3919)

Infographic 6: An overview of NZKS's operations

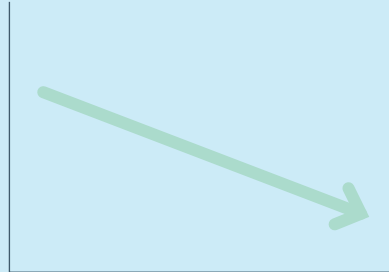
– By the numbers

What's going up

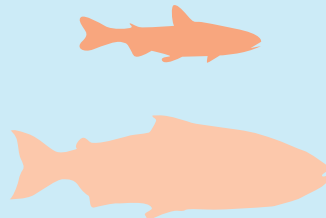


- Cost of mortality over a financial year (see Graph 3)
- Mortality as a percentage of biomass at year end (see Graph 4)
- Tonnes of salmon dumped in Blenheim landfill by calendar year (see Graphs 5 and 6)
- Average revenue per tonne sold (see Graphs 9 and 11)
- Average cost per tonne sold (see Graphs 10 and 11)
- Feed cost (\$/kg of feed) (see Graph 13)
- Freight costs (see Graph 15)
- Auditor fees (see Graph 19)

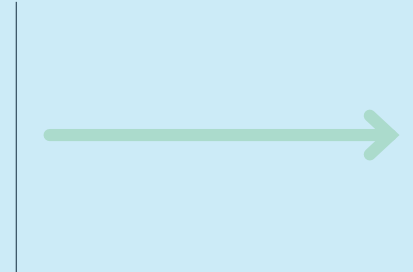
What's going down



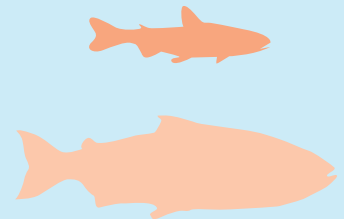
- Feed conversion ratio (see Graph 2)
- Harvest biomass (see Graph 12)
- Average gilled and gutted (G&G) harvest weight (see Graph 13)



What's staying the same



- Inventories, biological and non-current biological assets (approx. from 2017, see Graph 21)

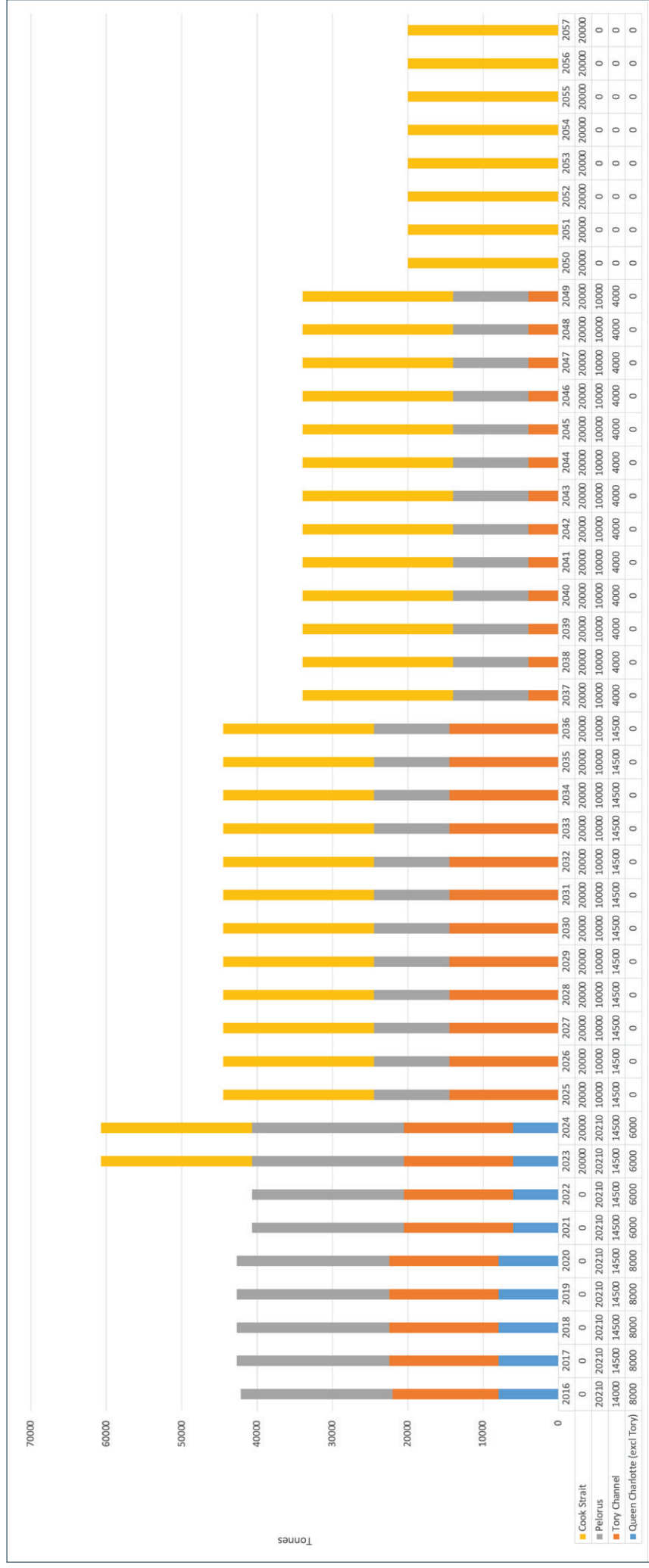


Infographic 6: An overview of NZKS's operations – By the numbers, Graph 1

A. Permitted feed discharge

Graph 1. Max feed discharge permitted (by condition, or in the case of MFLO01, implied under the ARA)

Note: Ruakaka's feed discharge is shown as 2000 t for the years 2021–2024. This is due to the MFLO01 decision dated 19 May 2020, which removed U021247 as the discharge permit, leaving the discharge governed by s 10(9)(c) of the ARA. See Table 4.2 for more detail.



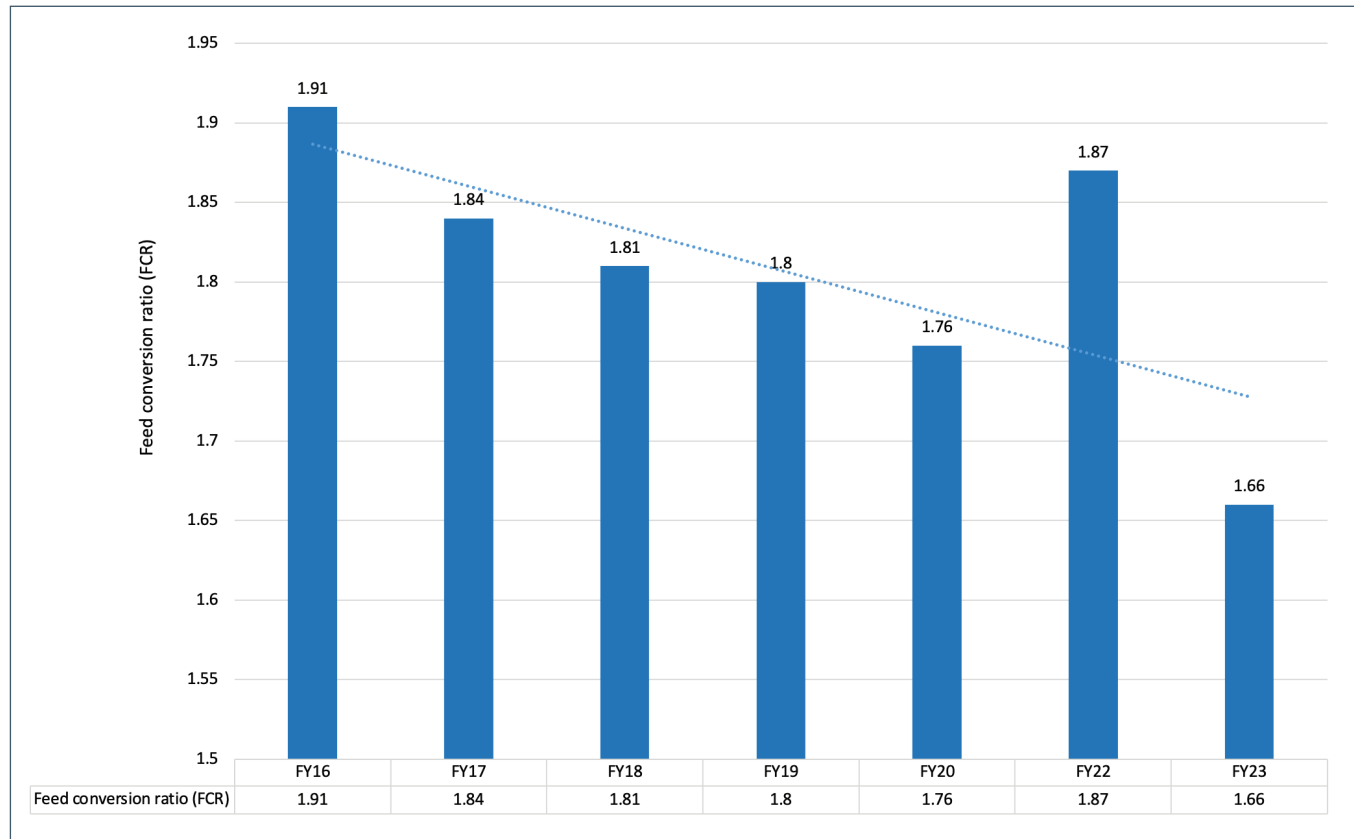
Infographic 6: An overview of NZKS's operations

– By the numbers, Graph 2

B. Feed conversion ratio

Graph 2: Feed conversion ratio (FCR) by 12-month financial year

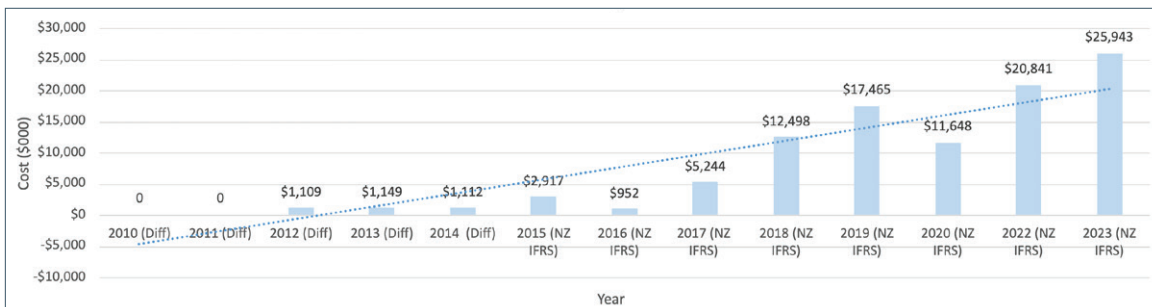
Note: 2021 was a seven-month financial year. As this is not comparable to the other financial years (i.e. 12 months), we have removed the 2021 financial year from graphs 2, 3a, 4, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18 and 19 below.



Infographic 6: An overview of NZKS's operations – By the numbers, Graphs 3–4

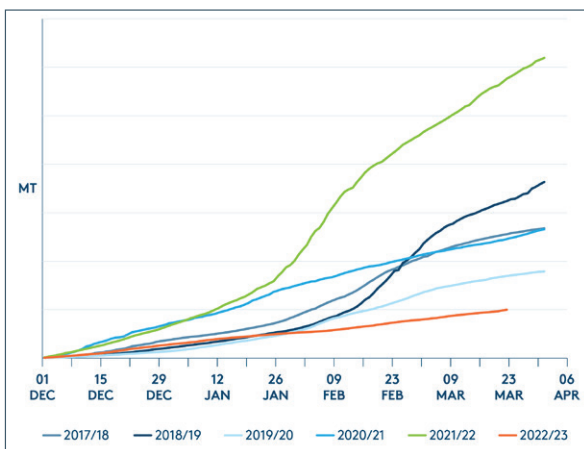
C. Mortality

Graph 3a: Fish health events (mortalities) net of insurance proceeds



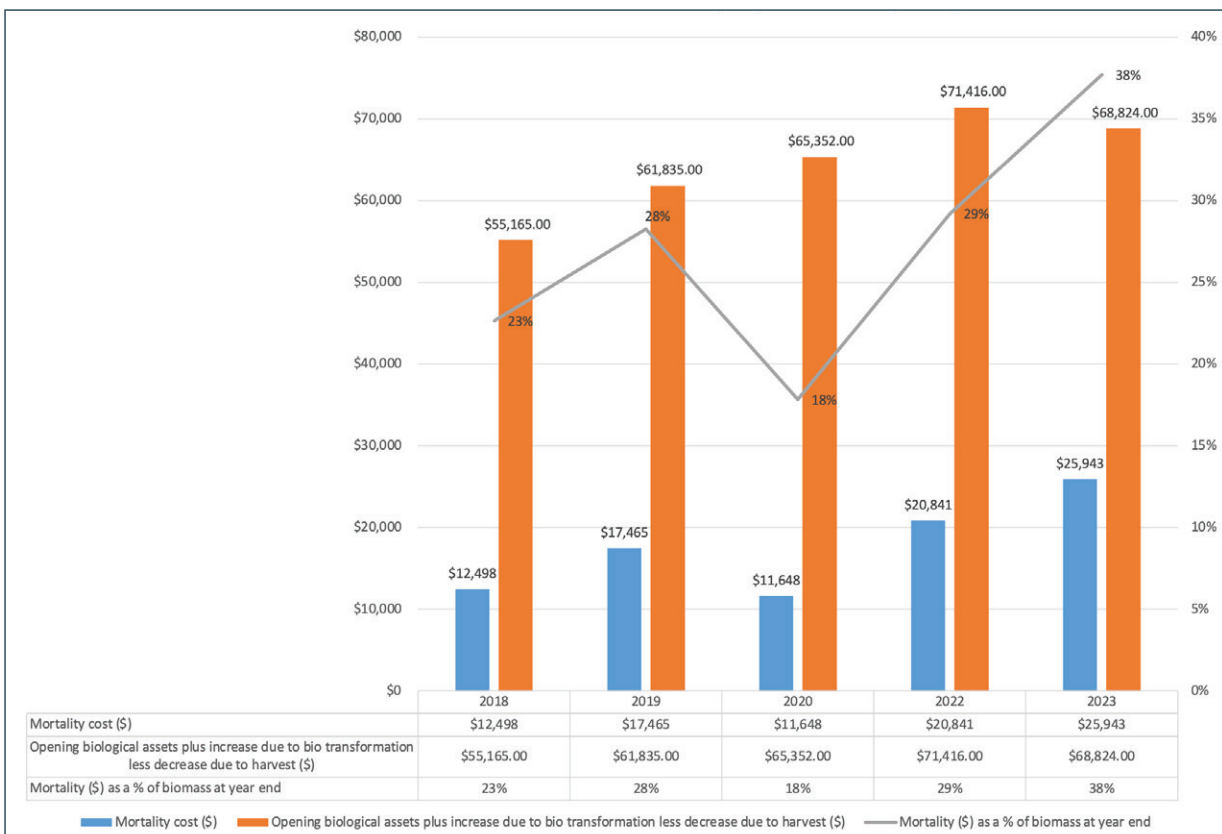
Graph 3b: Summer mortality, 2017–23

Note: This graph is found on p. 5 of the NZKS annual report FY23



Graph 4: Mortality as a percentage of biomass at year end

The percentage of mortalities is calculated by dividing mortalities into the total of (i) biological assets (opening balance), (ii) bio transformation over the 12-month period and (iii) harvest over the 12-month period.

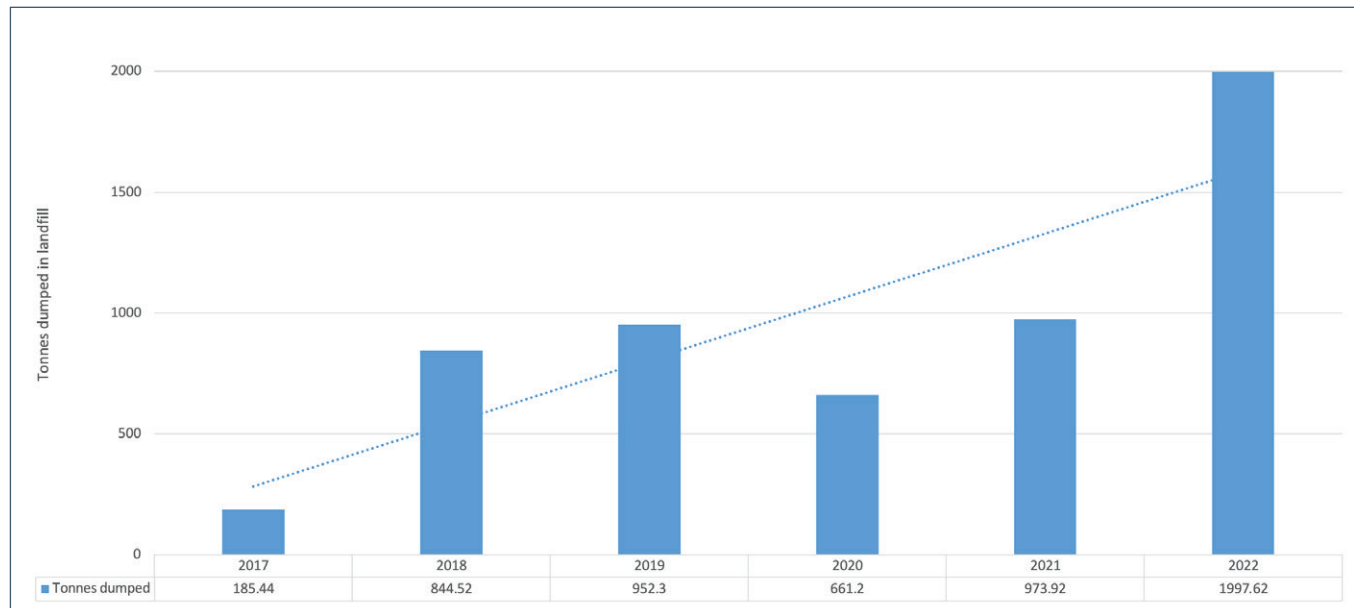


Infographic 6: An overview of NZKS's operations

– By the numbers, Graph 5

Graph 5: Salmon to Blenheim landfill by calendar year

Note: This data was provided by Ms Hanneke Kroon M.Sc.Eng (committee member of the Kenepuru and Central Sounds Residents' Organisation), who requested this data from MDC. See more detail in Graph 6.

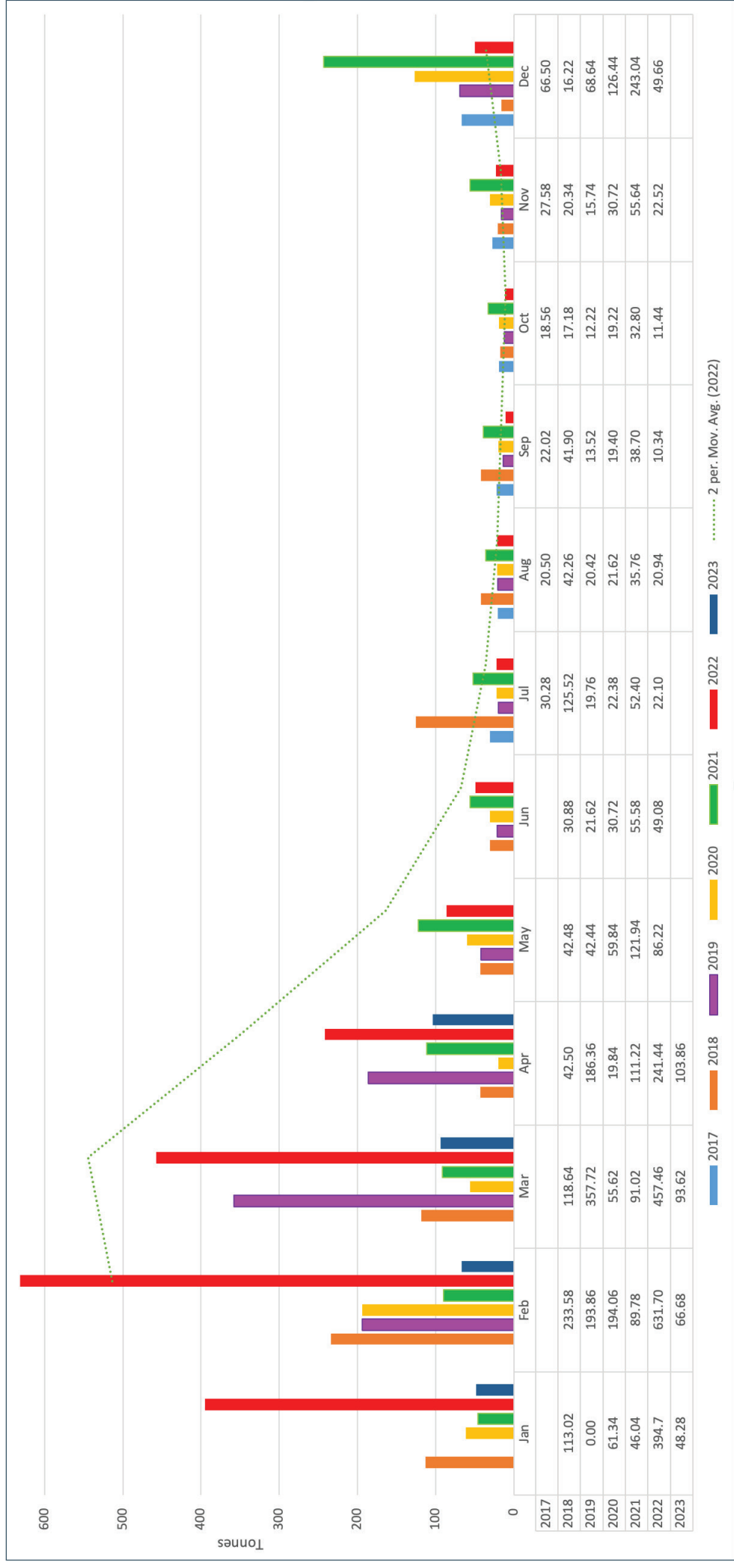


Infographic 6: An overview of NZKS's operations – By the numbers, Graph 6

D. Salmon dumped in Blenheim

Graph 6: Salmon dumped at landfill in Blenheim, July 2017–April 2023

Note: This data was provided by Ms Hanneke Kroon M.Sc.Eng (committee member of the Kenepuru and Central Sounds Residents' Organisation), who requested this data from MDC.



Infographic 6: An overview of NZKS's operations

– By the numbers, Graph 7a

Graph 7a: Comparing water temperature with cost of mortality

Note: Data comparing in Graph 7a on water temperatures is from MDC and NZKS and has been collated by Ms Hanneke Kroon M.Sc.Eng (committee member of the Kenepuru and Central Sounds Residents' Organisation). Water temperatures are at 12 selected sites close to NZKS farms (see Graphs 7b–7d overleaf) and are taken at various depths (e.g. 1.5 m and 5 m) but they are recorded at the same depth over time (see Figure 1, p. 29). This means that the number of months is out of 48, being 12 coastal water monitoring sites times four months. For example, in 2016/2017, 8 out of 48 months were above 17°C. The cost of mortality is from the NZKS annual reports (Note: 2020/2021 is a 7 month FY, see p. 6, Annual Report FY21). This graph indicates that the cost of mortality per tonne has increased significantly in the 2022/2023 year (see also Graph 3b). We are unsure why the 2017/2018 and 2018/2019 cost of mortality is so low given that the number of months above 17°C over that same time period was so high. We have assumed that it is the length of time the water exceeds 17°C that determines the tonnes and therefore the cost of mortality. However, there may be other factors at play.

The actual cause/s of fish mortalities is the responsibility of MPI. Fish mortalities fall within the remit of MPI (rather than MDC). Currently MDC does not require or collect any records concerning mortalities at any of the NZKS farms. From an 'effects' perspective under the RMA, the only MDC requirement is that the odour from the temporary storage of dead fish is managed properly; however, this condition only relates to three of the twelve farms (see condition 48 on consents U140294 (Waitata); U140295 (Kopāua/Richmond); and U140296 (Ngāmāhau)).¹

The 2012–2015 mortality event

An MPI Intelligence Report (*MPI Technical Paper No. 2017/39*) (pp. 17–18) indicated that stocking densities along with several other factors could have contributed to the unusual level of mortalities in 2015. From 2012 to 2015, only the Waihinu Bay and Forsyth Bay sites experienced periods of excessively high mortality in the summer months (February to May). MPI notes that '[d]uring the largest mortality peak at the Waihinu Bay, daily mortality rates reached over 320 deaths per 10,000 fish per day causing the overall loss of almost 70% of fish on the site'. MPI concluded:

'Although the organisms isolated from moribund fish [very sick fish] have previously been associated with mortality, we cannot establish a direct causative relationship based on the historical data alone. This leads to several biologically plausible, but not mutually exclusive hypotheses:

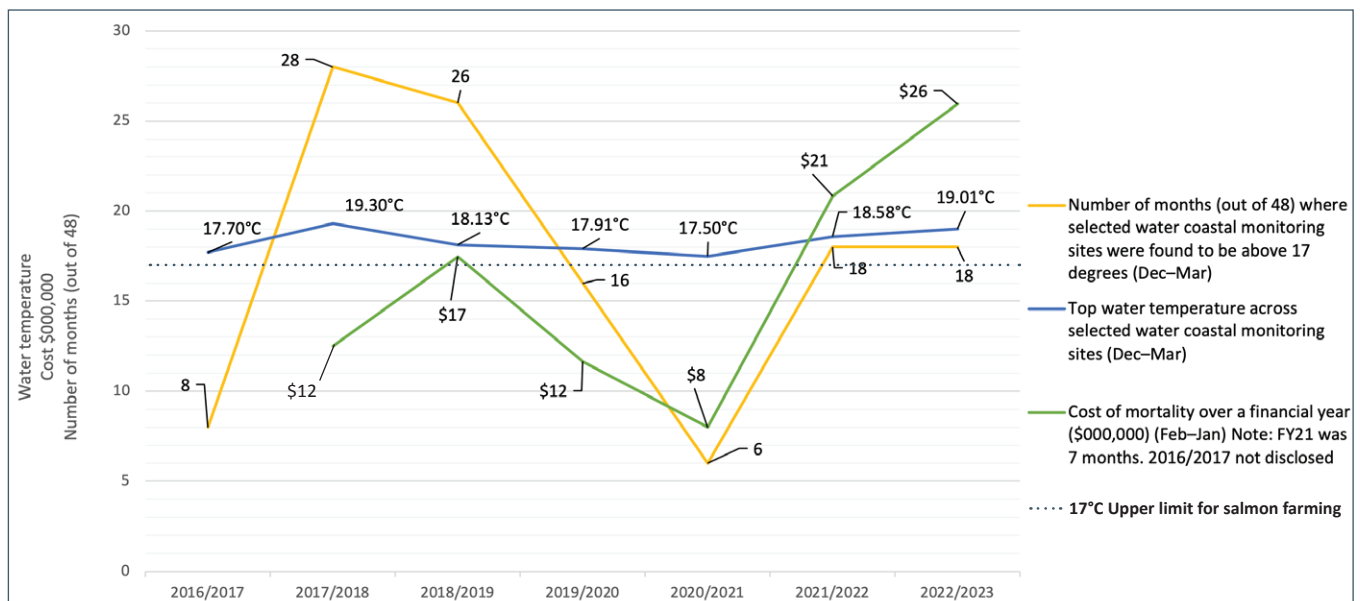
- 1) The organisms may be acting synergistically and initial infection with *T. maritimum* may have increased susceptibility to NZ-RLOs by creating breaches in the skin barrier,
- 2) The organisms may be acting independently and only one may be responsible for the excessive mortality,
- 3) Thermal stress, nutritional stress, or stocking density may have predisposed fish to developing clinical disease following exposure to one or both organisms and/or,
- 4) The mortality was caused or enabled by other unmeasured environmental or management factors, perhaps unrelated to either organism.²

The 2018/2019, 2021/2022 and 2022/2023 mortality events

The Institute has requested further information from MPI on more recent mortalities (see OIA 2023/15), given the cost of mortalities as illustrated in the graph below and the mortality shown in the NZKS annual report, copied in Graph 3b: Summer mortality, 2017–23, p. 24. MPI has since advised that they do not hold any information on marine farm salmon mortalities or information on disposals or amounts of disposals of salmon mortalities and that there is no mandatory reporting of mortalities as part of the registration of Fish Farms, under the Fisheries Act 1996.³ MPI further advised that there is currently no threshold or trigger of salmon mortality that NZKS must report to MPI and that marine farms only have to report mortalities to MPI if they suspect an exotic disease is the cause of fish mortalities but, depending on the site, they may have a specific licence condition on notifying MPI if they experience a mortality.⁴ Examples of the conditions include; '[t]he Licensee shall keep records of all farmed species mortalities, including the size/life stage, numbers, and reason for mortalities.'; and '[t]he Licensee must keep a record of all losses (e.g. destruction of stock, mortalities, fish escapes or unauthorised removal of fish, etc.) and in sufficient detail to allow the time period and circumstances of loss to be identified'.⁵

Sources:

1. Personal communication with Marlborough District Council, 1 September 2023.
2. Fischer, J. & Appleby, J. (May 2017). *Intelligence Report: NZ-RLO & T. maritimum 2015 response*. Ministry for Primary Industries (MPI), pp. 17–18. Retrieved 1 September 2023 from www.mpi.govt.nz/dmsdocument/18253-NZ-RLO-T-maritimum-2015-Intelligence-Report; Personal communication with MDC, 21 July 2023
3. Personal communication with MPI, 29 September 2023.
4. Personal communication with MPI, 29 September 2023.
5. Fisheries New Zealand. (n.d.). Fish-Farm Licence [template], pp. 6, 12. Retrieved 18 December 2023 from <https://www.mpi.govt.nz/dmsdocument/43951-Fish-farm-license-example-template>

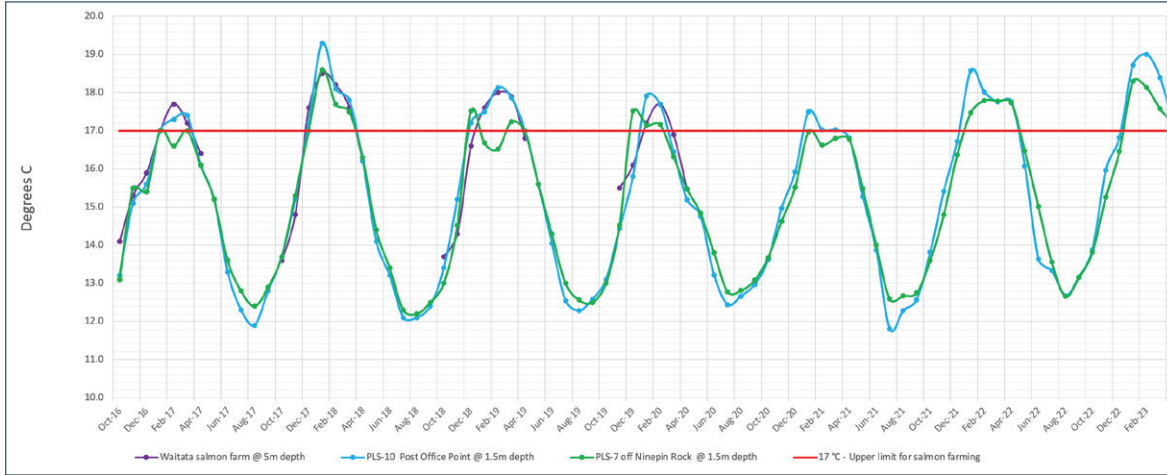


Infographic 6: An overview of NZKS's operations – By the numbers, Graphs 7b–7d

E. Temperature records close to NZKS farms

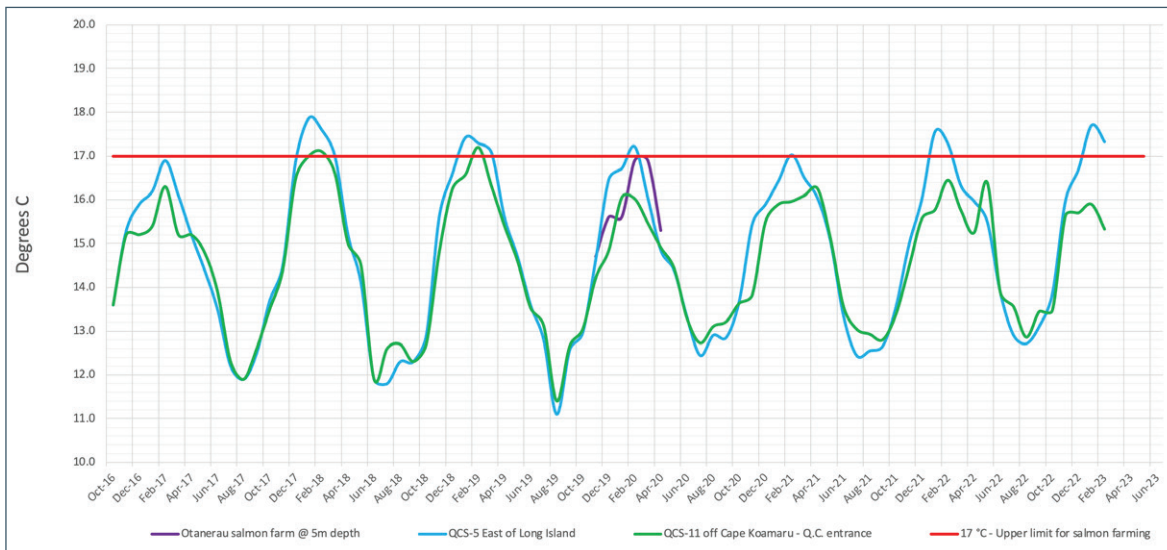
Graph 7b: Temperature, Pelorus Entrance and Waitata salmon farm, 2016–2023

Note: Data supplied for these three figures is from MDC and NZKS and has been collated by Ms Hanneke Kroon M.Sc.Eng (committee member of the Kenepuru and Central Sounds Residents' Organisation).



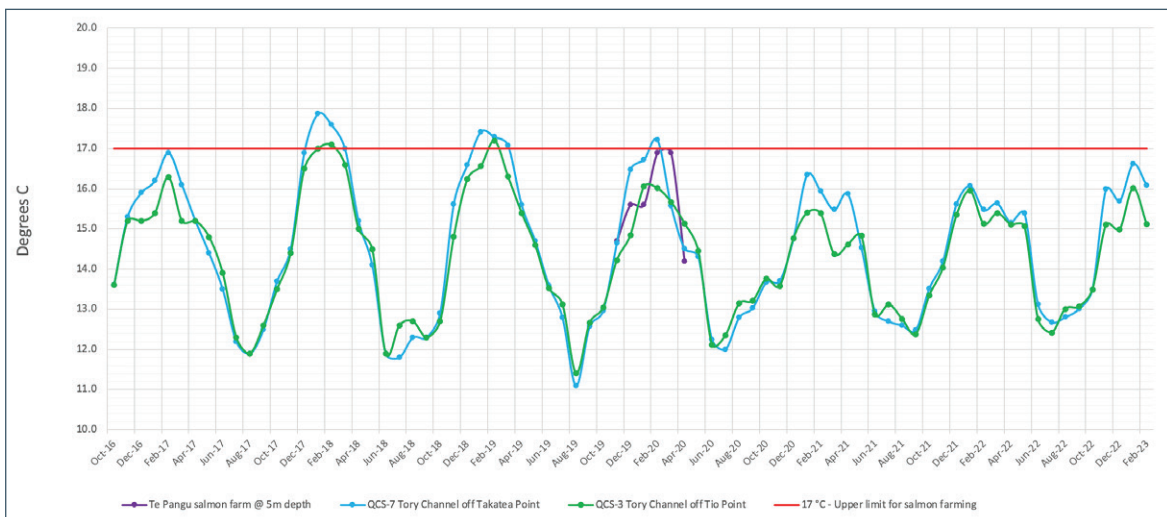
- Selected sites
- Waitata salmon farm @ 5m depth
 - PLS-10 Post Office Point @ 1.5m depth
 - PLS-7 off Ninepin Rock @ 1.5m depth

Graph 7c: Temperature, Queen Charlotte Entrance and Otanerau salmon farm, 2016–2023



- Selected sites
- Otanerau salmon farm @ 5m depth
 - QCS-5 East of Long Island
 - QCS-11 off Cape Koamaru - Q.C. entrance

Graph 7d: Temperature, Tory Channel and Te Pangu salmon farm, 2016–2023



- Selected sites
- Te Pangu salmon farm @ 5m depth
 - QCS-7 Tory Channel off Takatea Point
 - QCS-3 Tory Channel off Tio Point
 - Waitata salmon farm @ 5m depth
 - PLS-10 Post Office Point @ 1.5m depth
 - PLS-7 off Ninepin Rock @ 1.5m depth

Infographic 6: An overview of NZKS's operations – By the numbers, Graph 8

Figure 1: Coastal monitoring sites

Source: MDC. Yellow stars represent water temperature monitoring sites.



F. Employment data

Graph 8: NZKS full-time equivalents or employees (FTEs) by financial year

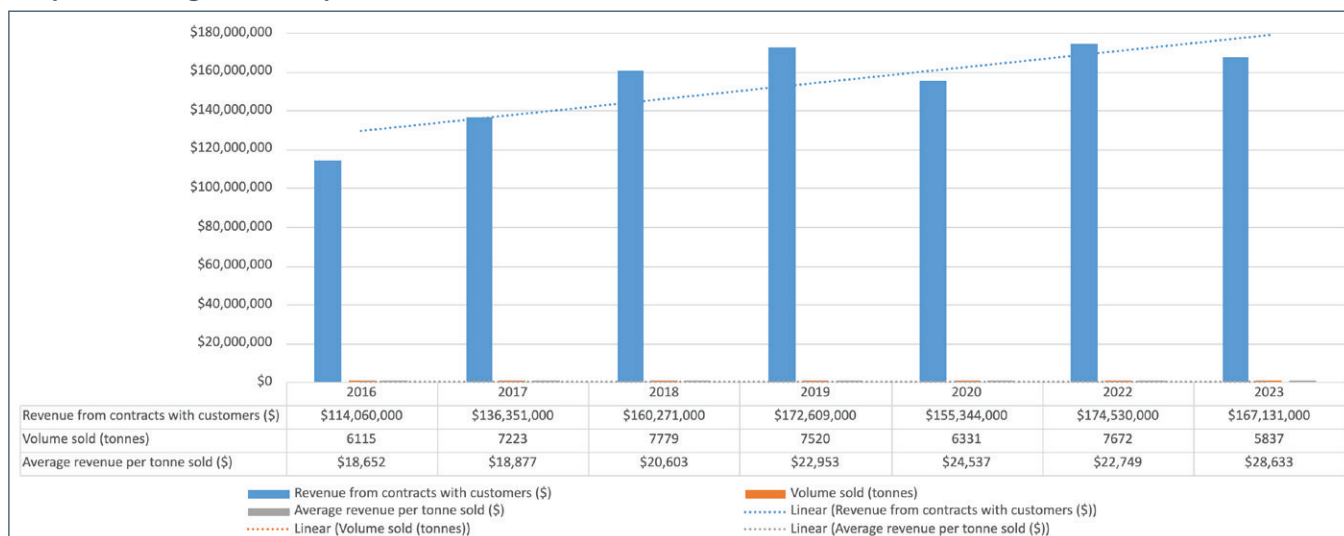
1. FY22: Phillips, V. (24 May 2022). New Zealand King Salmon reduces workforce by 139. Stuff. Retrieved 13 June 2023 from www.stuff.co.nz/business/farming/aquaculture/128728620/new-zealand-king-salmon-reduces-workforce-by-139
2. FY23: Morrison, T. (29 March 2023). NZ King Salmon returns to profit after cutting back farms, staffing. Stuff. Retrieved 13 June 2023 from www.stuff.co.nz/business/farming/aquaculture/131633576/nz-king-salmon-returns-to-profit-after-cutting-back-farms-staffing



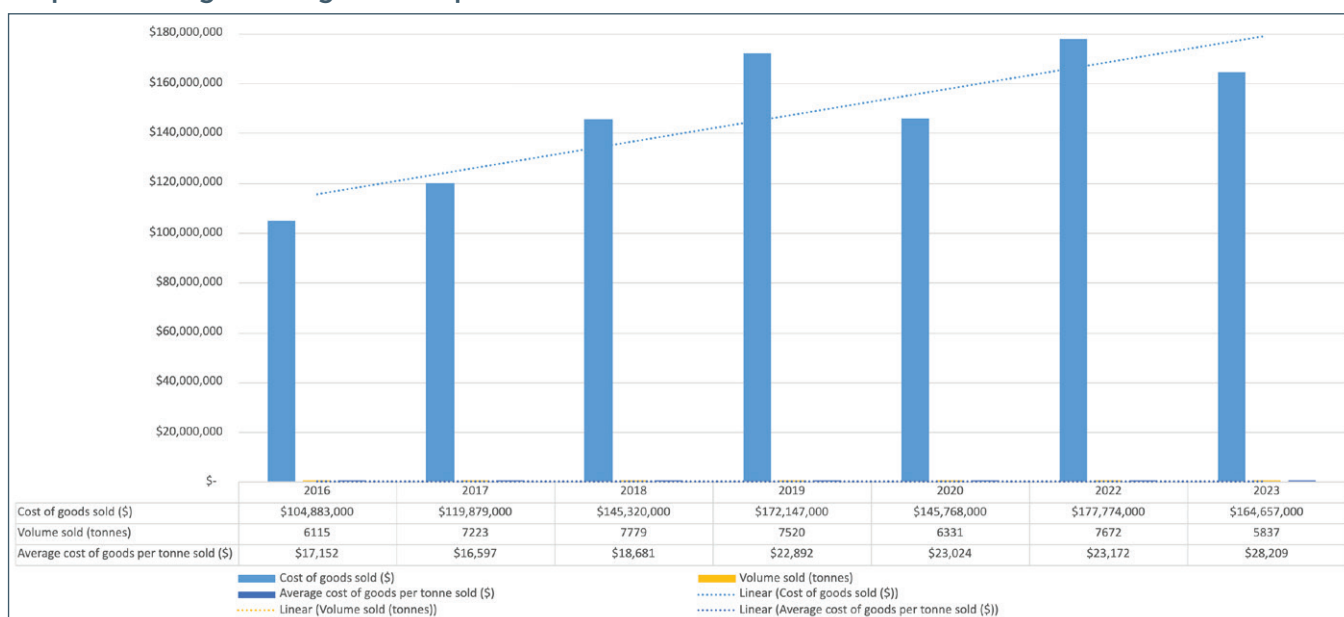
Infographic 6: An overview of NZKS's operations – By the numbers, Graphs 9–11

G. Statement of comprehensive income

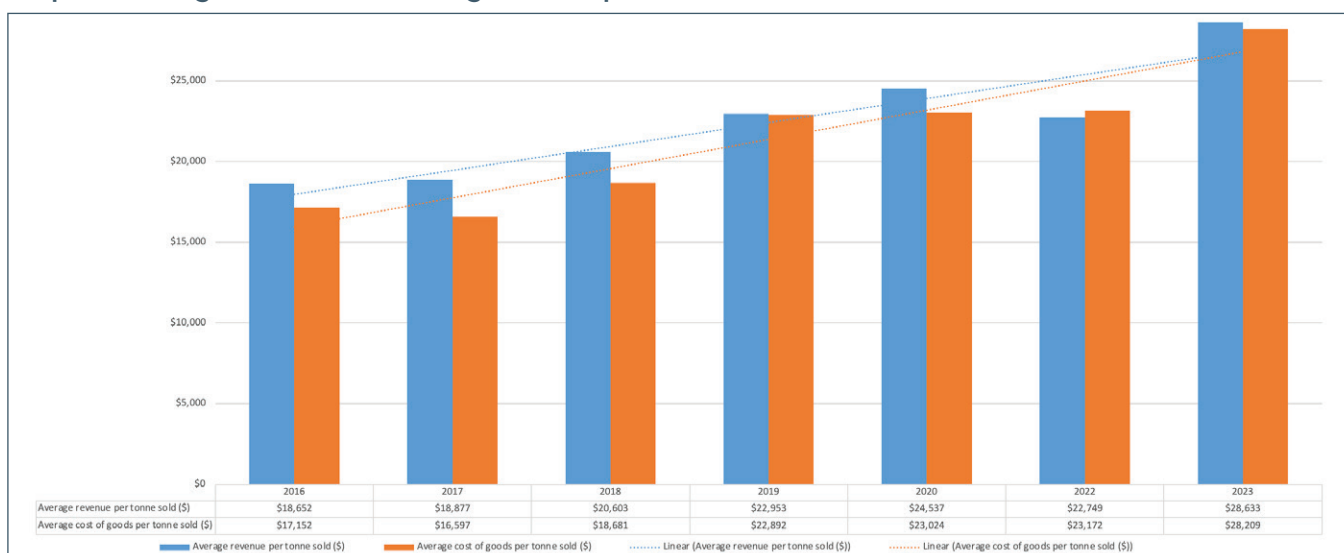
Graph 9: Average revenue per tonne sold



Graph 10: Average cost of goods sold per tonne



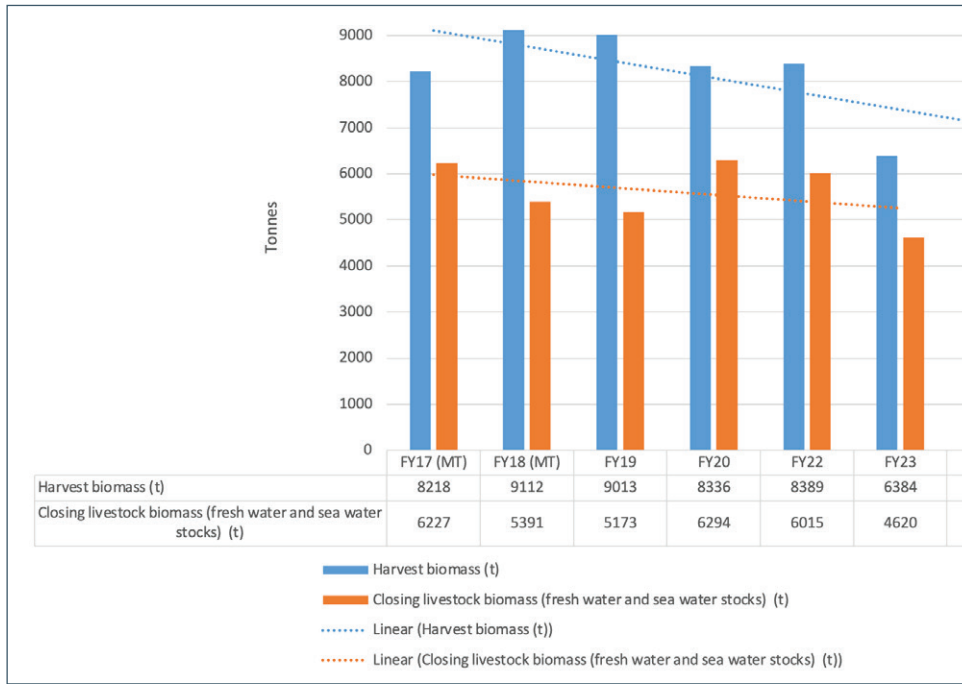
Graph 11: Average revenue and cost of goods sold per tonne



Infographic 6: An overview of NZKS's operations

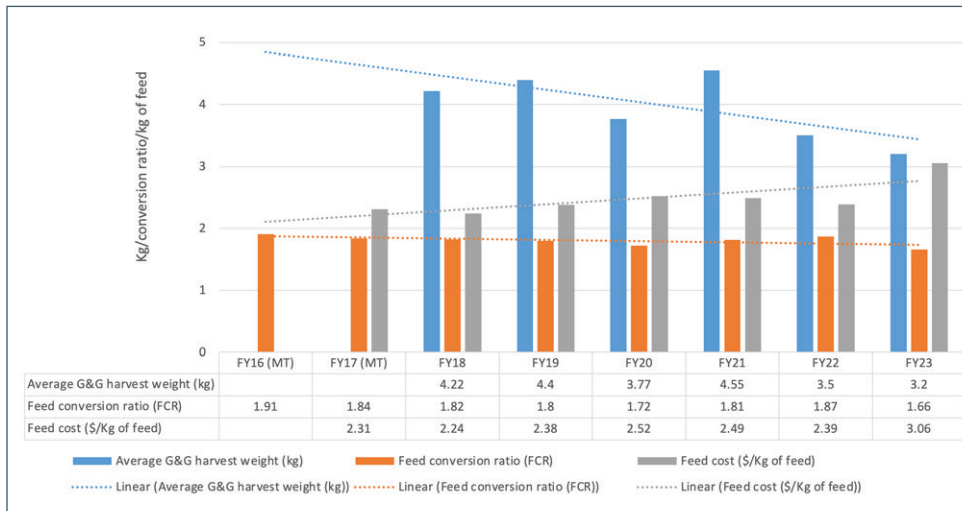
– By the numbers, Graphs 12–14

Graph 12: Harvest volumes and closing livestock biomass (fresh water and seawater)



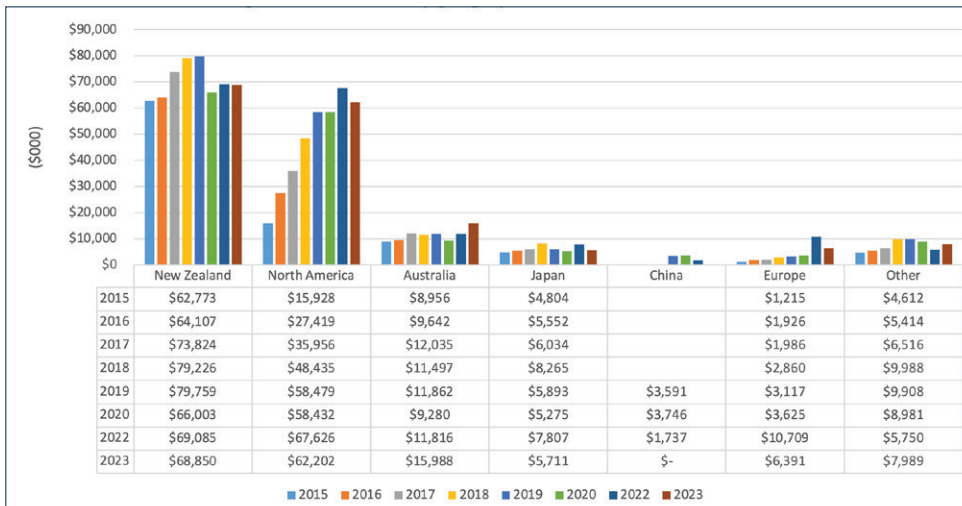
1. Restated to 12 months, 1 February to 31 January, 2022 *Investor Report*, p. 10.
2. There is a difference between the metrics contained in the FY2022 financial statements and the annual report (the management commentary). For example, the FY2022 harvest biomass volume is 8389 t (p. 54) while the management commentary is 7382 t (p. 9). Given this difference, we have opted to use the metrics contained in the financial statements.

Graph 13: Harvest weight and feed cost



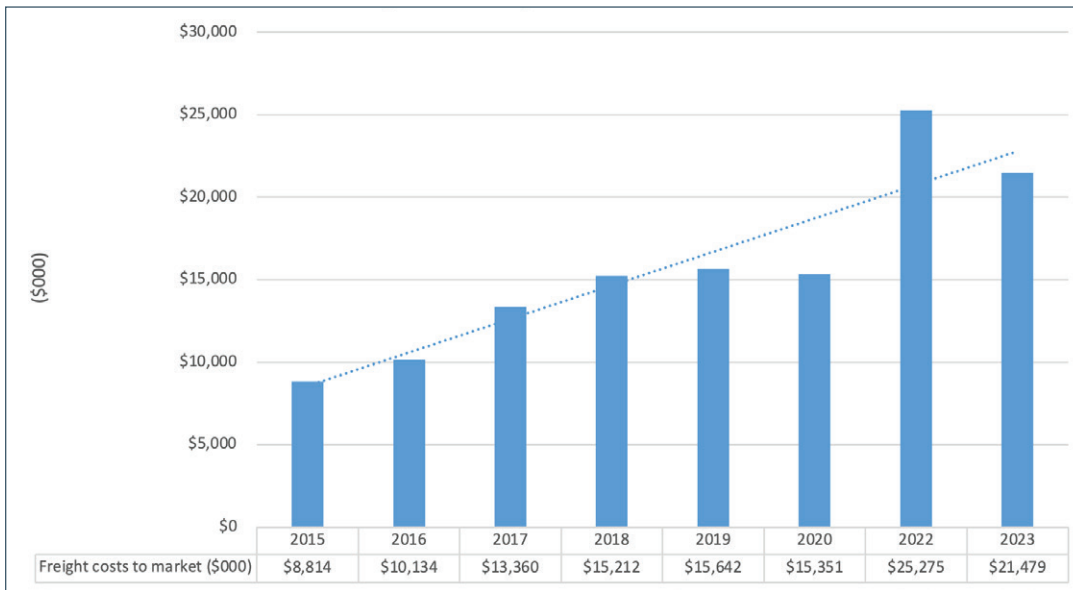
1. Restated to 12 months, 1 February to 31 January, 2022 *Investor Report*, p. 10.
2. The FY2020 annual report shows the FCR as 1.76, whereas the FY2022 annual report and 2022 *Investor Report* shows 1.72. We have used 1.72.

Graph 14: Revenue by geographical location of customers

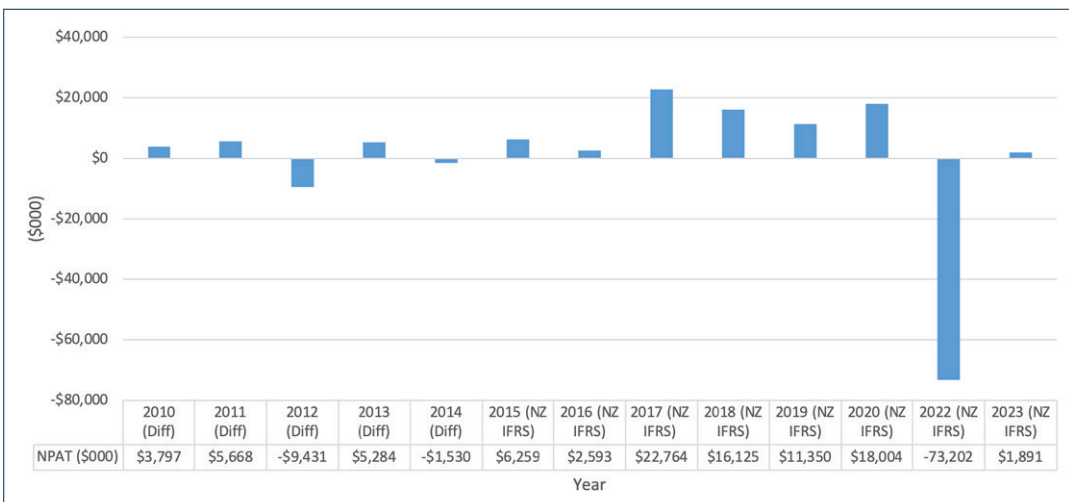


Infographic 6: An overview of NZKS's operations – By the numbers, Graphs 15–17

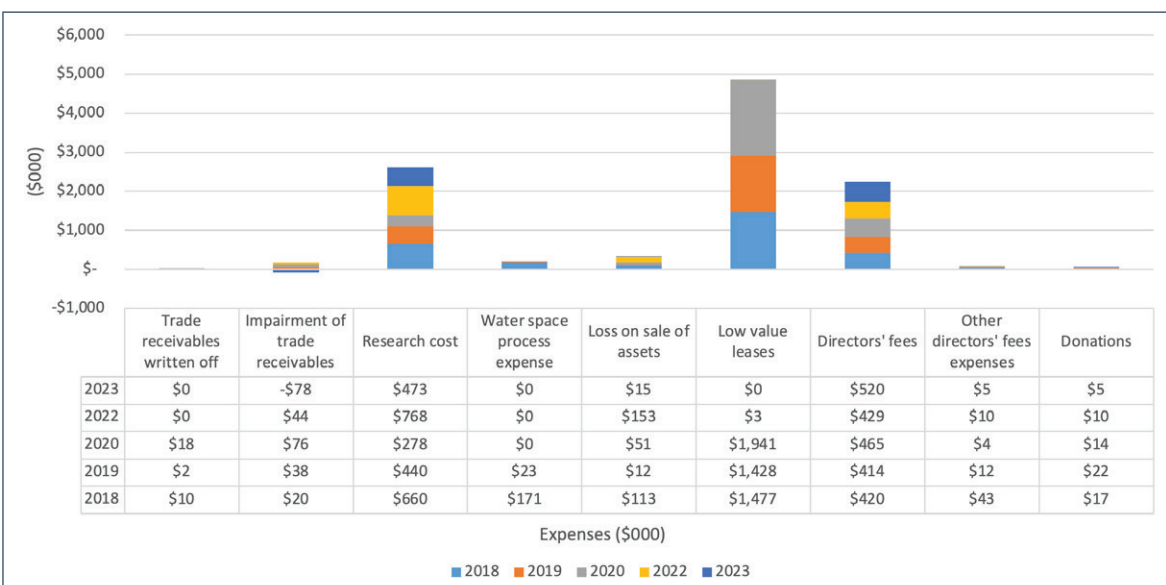
Graph 15: Freight costs to market



Graph 16: Net profit/loss after tax (NPAT/NLAT)



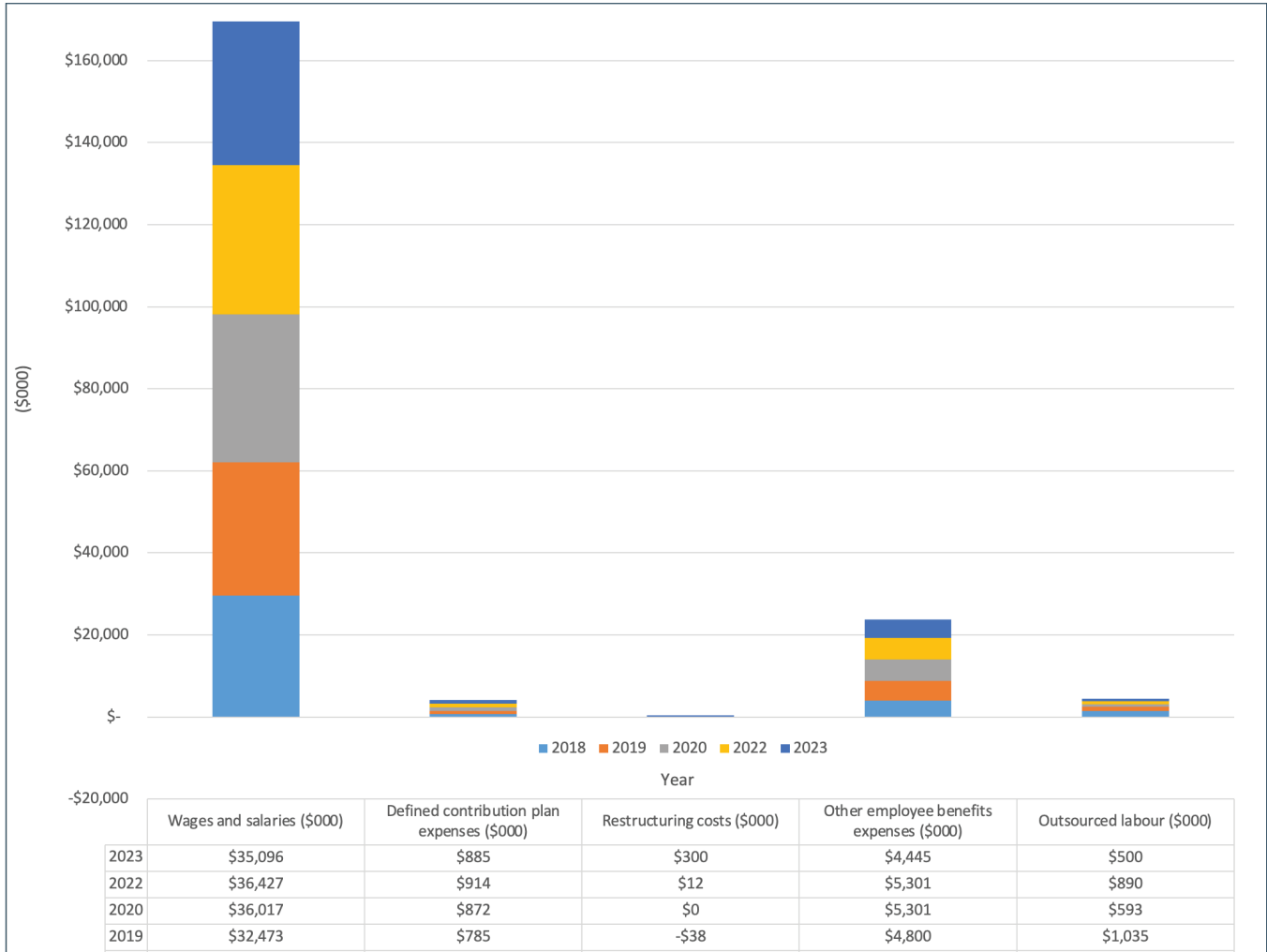
Graph 17: Corporate and other expenses



Infographic 6: An overview of NZKS's operations

– By the numbers, Graph 18

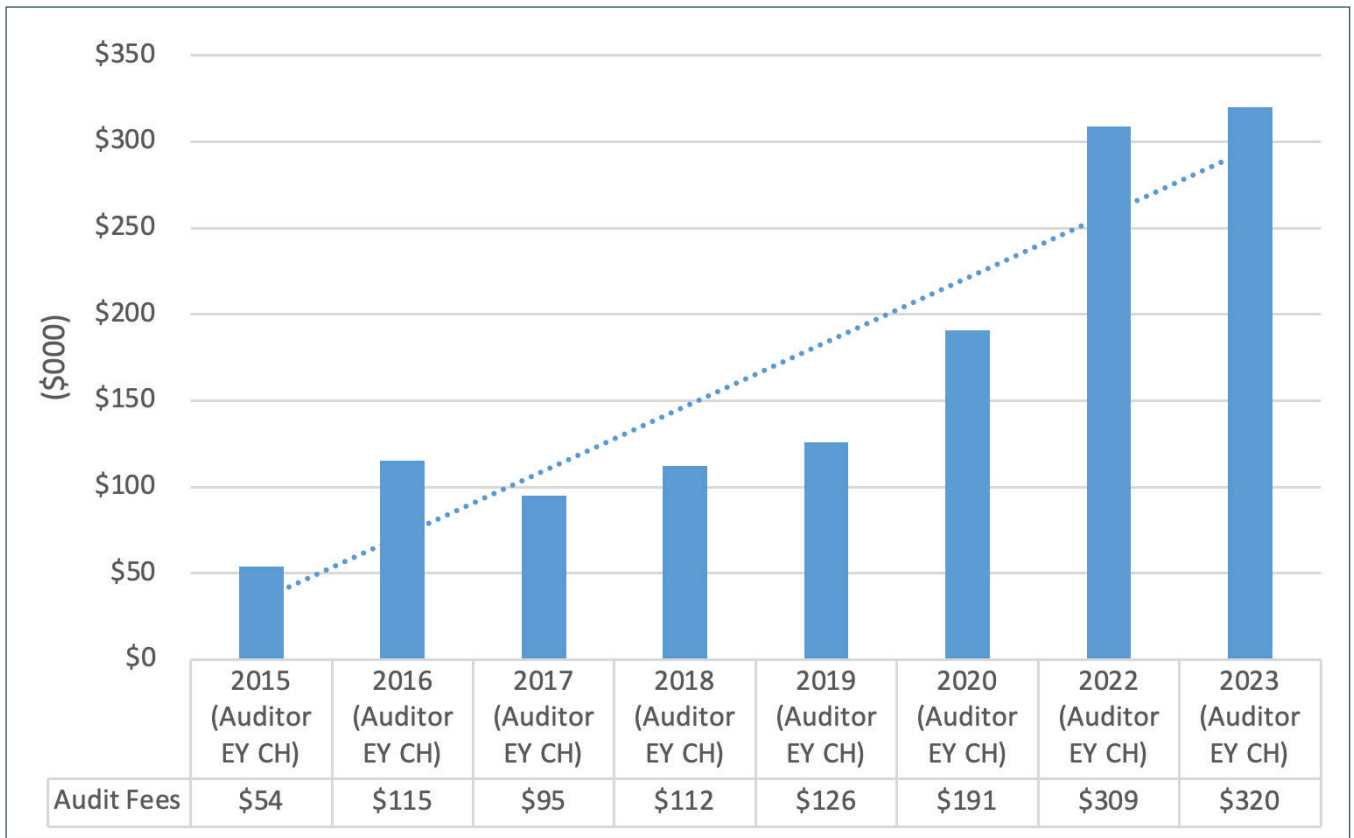
Graph 18: Employee benefit expenses



Infographic 6: An overview of NZKS's operations – By the numbers, Graph 19

H. Audit report fees and auditor

Graph 19: Auditor fees and name of auditor

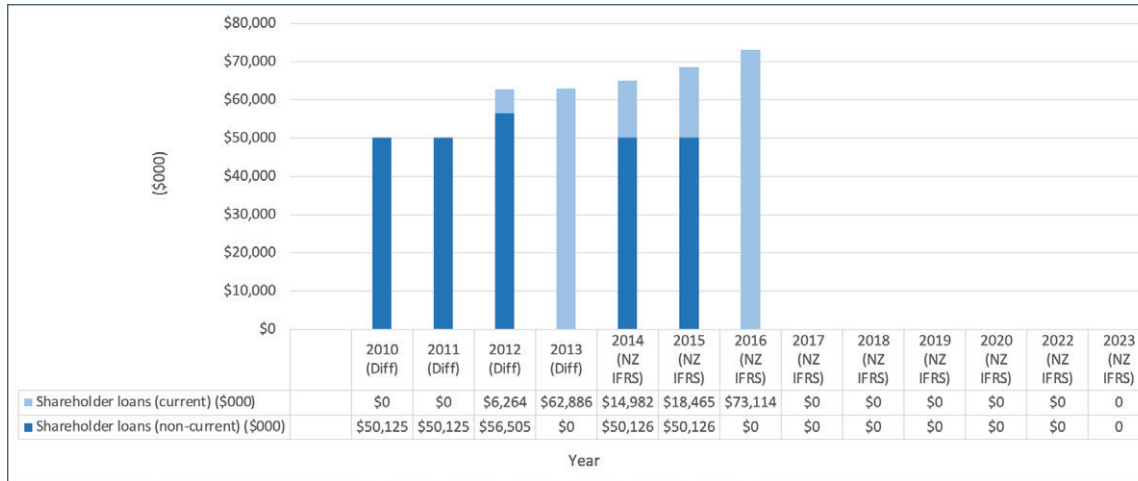


Infographic 6: An overview of NZKS's operations – By the numbers, Graphs 20–22

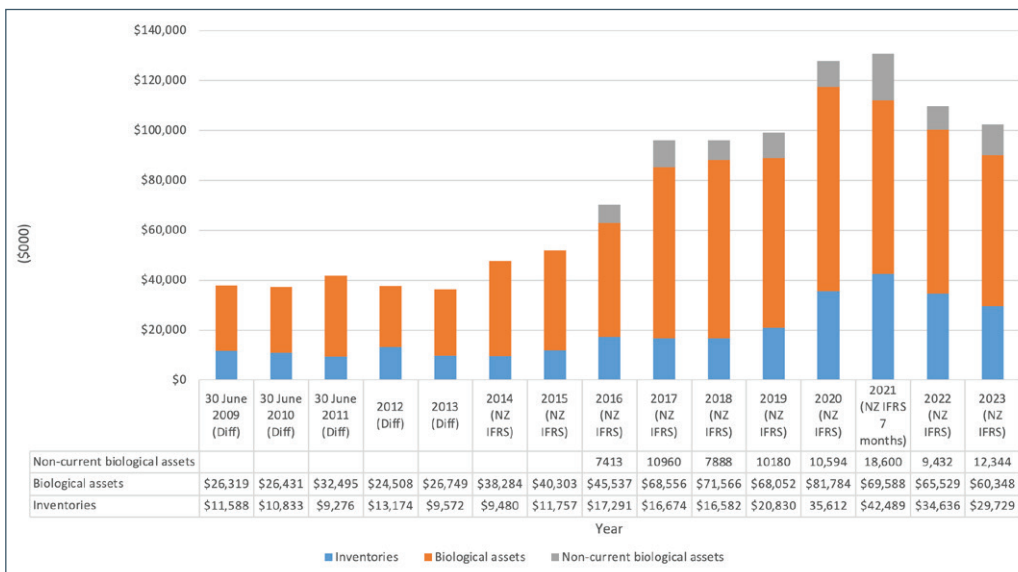
I. Statement of financial position

Graph 20: Shareholder loans

Note: See Note 28 Related Party Disclosures in the 2017 financial statements: 'On 19 September 2016, shareholder loans of \$70,202k were converted to shares with one share issued for each \$2.6058 of shareholder loan converted.'

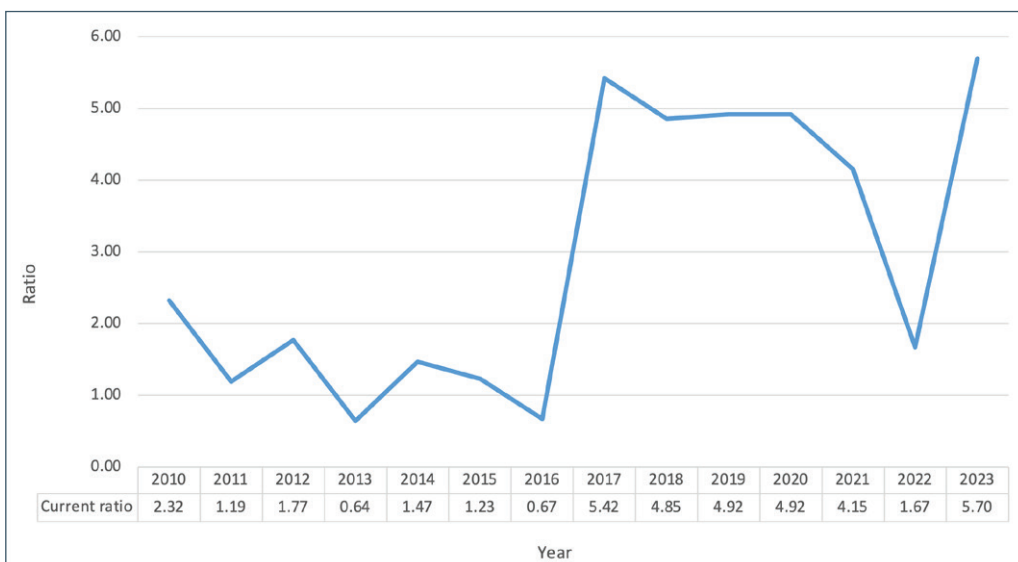


Graph 21: Inventories, biological and non-current biological assets



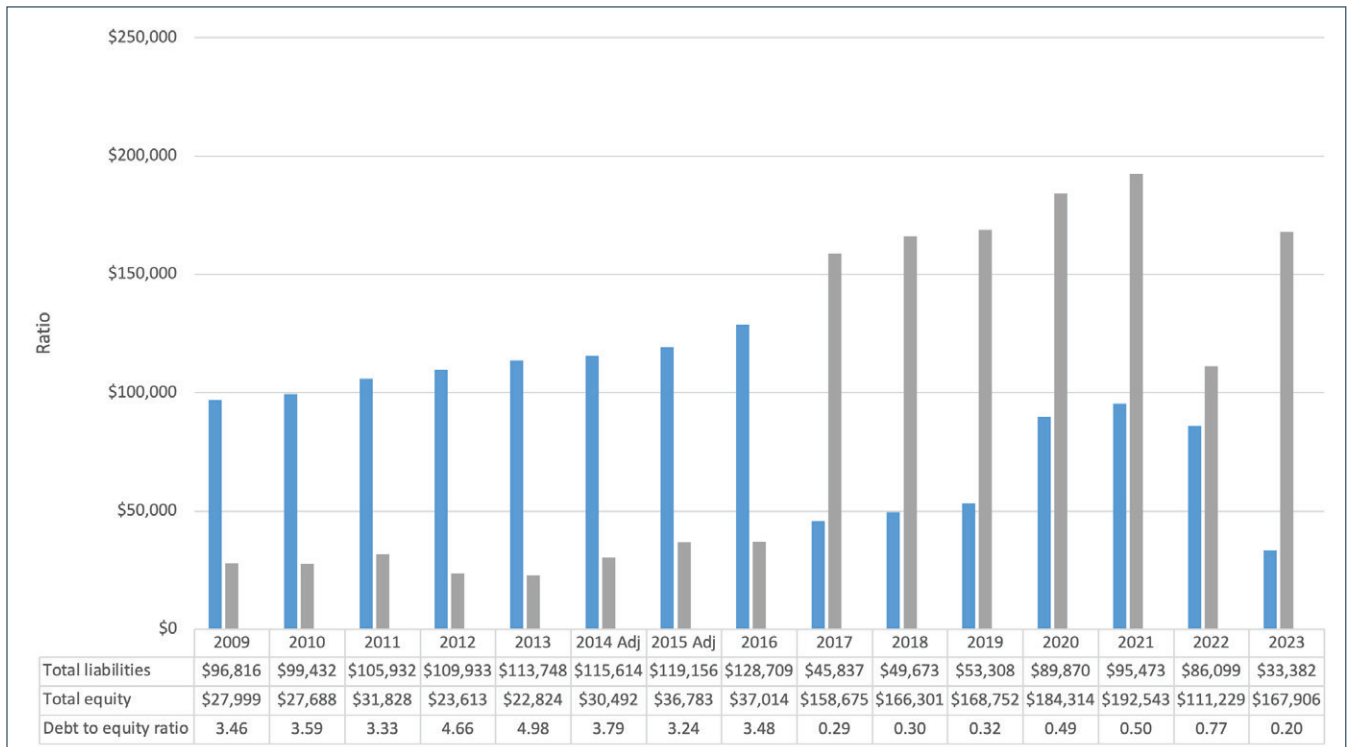
Graph 22: Current ratio (current assets divided by current liabilities)

Note: This indicates the ratio is decreasing, largely due to the shareholders' loans (e.g. 2009 was better at 2.64).



Infographic 6: An overview of NZKS's operations – By the numbers, Graph 23

Graph 23: Debt to equity ratio

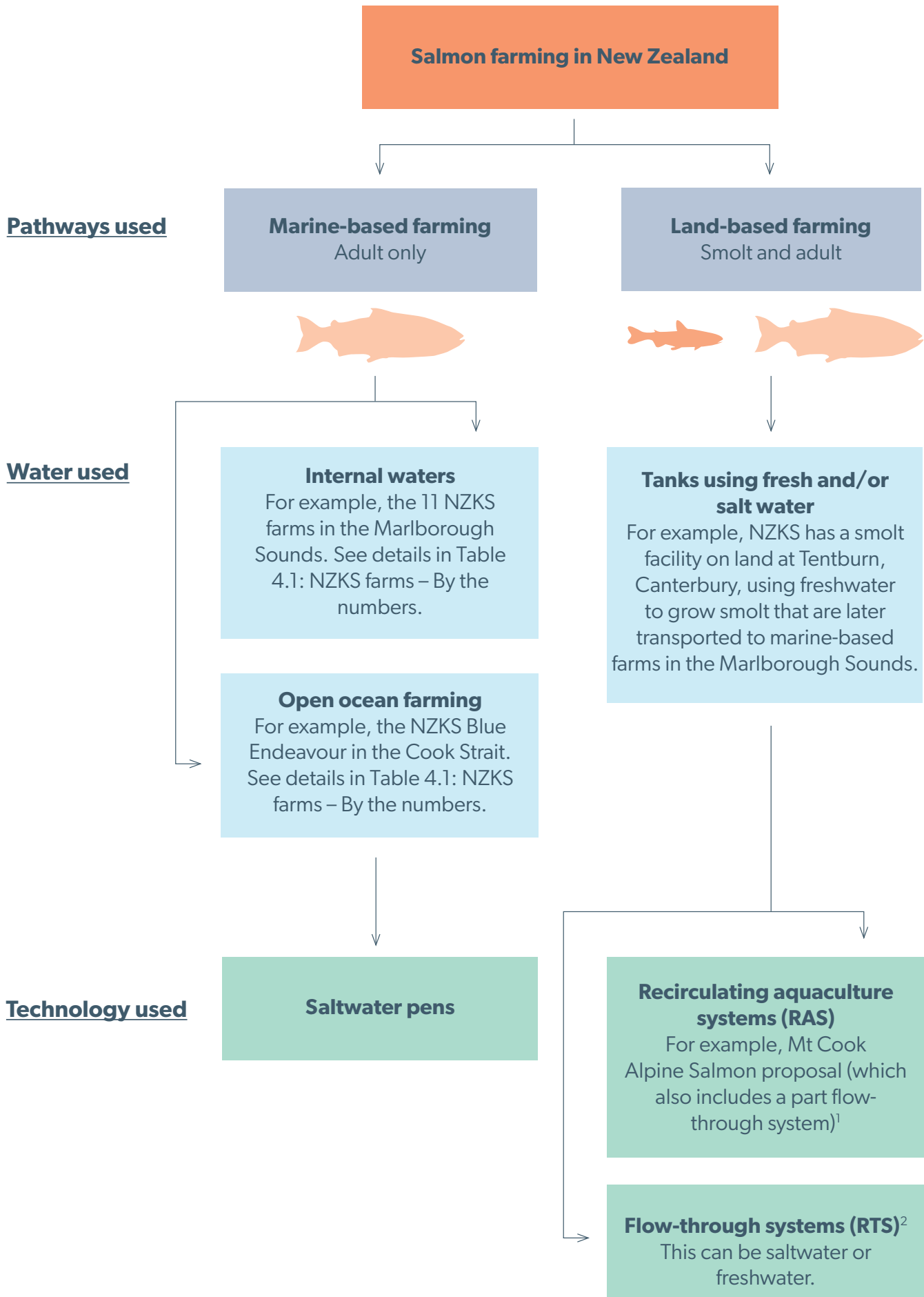


Graph 24: NZX price history

Source: NZX (as at 29 August 2023)



Infographic 7: Future of salmon farming – strategic options



Potential changes that may emerge within the next five years

1. Higher sea surface temperatures and concerns over biodiversity. This is likely to mean that companies will need to re-establish their social licence to operate³
2. More applications for ocean farming, and land-based farming using water from the ocean⁴
3. More compliance costs for marine-based farming⁵
4. Feed discharge becomes a stronger focus of conditions. This is due to feed being a key determinant of the quantity of faeces (which is a foreign input into the existing environment)
5. Faeces being collected rather than discharged into the marine space or at least discharged further out to sea. For example, MDC require all faeces to be collected in the Tory Channel and only discharged on an outgoing tide
6. Coastal charges/resource rent tax applied uniformly across all marine-based farms (e.g. Norway has introduced a resource rent tax, meaning that the marginal tax rate on aquaculture will increase from 22% to 47%)⁶
7. Feed costs and supply issues increase, solution is to produce feed in New Zealand⁷
8. Cost of salmon farming infrastructure increase (e.g. MPI suggests the cost of establishing an entire value chain for an open ocean salmon farm is \$150 million or more for an operation that can produce 10,000 tonnes)⁸
9. Increased legislation of marine space and protected areas⁹ (e.g. a Marlborough Sounds Marine Protection Bill, along the lines of the proposed Hauraki Gulf/Tikapa Moana Marine Protection Bill)
10. New rules across all marine farms under a similar set of national rules
11. More government support and incentives for land-based farming

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- See the map, found here: Protected Planet. (May 2021). Protected Planet Report 2020 – Chapter 5: Areas of particular importance for biodiversity and ecosystem services. Retrieved 25 August 2023 from www.livereport.protectedplanet.net/
- Personal communication with LINZ, 24 May 2023.
- There have been concerns raised that this agreement may lead to government focusing on scale and in doing so, removing stewardship that already exists in an NGO capacity or indigenous capacity, such as that of iwi. See Pearce, F. (7 December 2022). The 30 Percent Goal: Is Bigger Always Better for Biodiversity. YaleEnvironment360. Retrieved 25 August 2023 from e360.yale.edu/features/30-percent-conservation-biodiversity-protected-areas-size
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- NESMA states in Section 6: Meaning of inappropriate area for existing aquaculture activities ‘(1) In these regulations, inappropriate area for existing aquaculture activities means an area of the coastal marine area that, after 1 January 2019, has been identified as inappropriate for existing aquaculture activities.’ The background notes: ‘Part 2 provides for all replacement coastal permits for existing marine farms in areas identified in a policy statement plan or proposed policy statement or plan as inappropriate for existing aquaculture activities as a discretionary activity. It also enables a regional council to set more stringent rules for these types of activities in its plan or proposed plan.’

See also personal communication with Marlborough District Council, 30 June 2023.
- Personal communication with MPI, 26 September 2023; 6 July 2023 and 4 July 2023.
- See Fisheries New Zealand. (August 2023). *Techinal Paper 2023/02: Report on the Year Three Review of the National Environmental Standards for Marine Aquaculture*, p. 1. Retrieved 4 March 2024 from www.mpi.govt.nz/fishing-aquaculture/aquaculture-fish-and-shellfish-farming/national-environmental-standards-for-marine-aquaculture
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- Personal communication with Marlborough District Council, 21 August 2023.
- Personal communication with Marlborough District Council, 24 August 2023.
- Marlborough District Council. (23 May 2023). Variations to marine and finfish farming notified [media release]. Retrieved 25 August 2023 from www.marlborough.govt.nz/your-council/latest-news-notice-and-media-releases/all-news-notice-and-media-releases?item=id:2m6x4qhv01cxbyonbiwb
- Personal communication with Ms Hanneke Kroon M.Sc.Eng (committee member of the Kenepuru and Central Sounds Residents’ Organisation), 23 June 2023.
- See NZKS. (n.d.) *New Zealand King Salmon 1HY24 Financial Results*. Retrieved 18 December 2023 from nzx-prod-s7fsd7f98s.s3-website-ap-southeast-2.amazonaws.com/attachments/NZK/418597/403397.pdf
- As discussed in the NZKS AGM in Nelson, 14 June 2023.
- Though tighter protective measures should be considered: ‘In the Hauraki Gulf, studies have detected microplastics in the guts and muscle tissue of several species of caught fish – and it was recently estimated whales were consuming around three million of these particles each day.’ See Morton, J. (24 September 2023). Plastic in paradise: What scientists discovered in ‘pristine’ NZ marine reserve. *New Zealand Herald*. Retrieved 18 December 2023 from www.nzherald.co.nz

[nzherald.co.nz/nz/plastic-in-paradise-what-scientists-discovered-in-pristine-nz-marine-reserve](https://www.nzherald.co.nz/nz/plastic-in-paradise-what-scientists-discovered-in-pristine-nz-marine-reserve)

See also Orsman, B. (9 August 2023). Chris Hipkins confirms bottom trawling restrictions in Hauraki Gulf and tripling of marine protection areas. New Zealand Herald. Retrieved 10 August 2023 from www.nzherald.co.nz/nz/chris-hipkins-confirms-bottom-trawling-restrictions-in-hauraki-gulf-and-tripling-of-marine-protection-areas/WRTVSE2Q7JCZ5GSZTZOXKMSRTE

See also Johnson, E. (9 August 2023). Hauraki Gulf marine protection area expands, but bottom trawling stays. Stuff. Retrieved 10 August 2023 from www.stuff.co.nz/environment/300945590/hauraki-gulf-marine-protection-area-expands-but-bottom-trawling-stays

19. For example, the Blueprint for a Better Environment states National will: 1. Advance marine protection initiatives and 2. Harmonise oceans management and regulation. 'Over the medium term, National will also consider establishing an Oceans Commission to advise the Government on strategies for sustainable ocean management and to foster relationships between the Crown, iwi and other stakeholders.' National Party (n.d.). Blueprint for a Better Environment, p. 9. Retrieved 4 March 2024 from www.national.org.nz/betterenvironment
20. See Beehive. (26 June 2021). Government adopts oceans vision [press release]. Retrieved 22 March 2024 from www.beehive.govt.nz/release/government-adopts-oceans-vision

See also Cabinet Office. (n.d.). ENV-22-SUB-0022: Oceans and Fisheries portfolio – work programme report-back [Cabinet paper]. Retrieved 22 March 2024 from www.mpi.govt.nz/dmsdocument/54325-Oceans-and-Fisheries-portfolio-work-programme-report-back-Cabinet-paper

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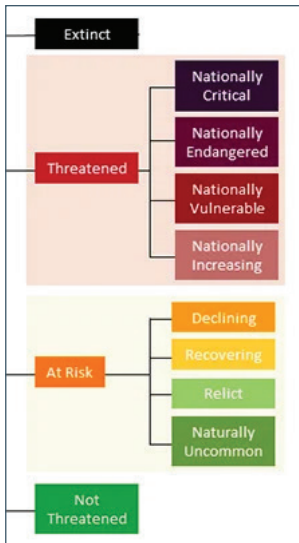
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21. Personal communication with DOC, 25 September 2023.
22. Personal communication with DOC, 25 September 2023.
23. Taskforce on Nature-related Financial Disclosures (TNFD). (December 2023). Draft sector guidance: Aquaculture. Retrieved 22 March 2024 from tnfd.global/publication/draft-sector-guidance-aquaculture
24. High Country Salmon has begun research into 'waste-stream revenue, turning a small number of "morts" (dead fish) and other waste products into a hydrolysate bio-fertiliser'. See Melville, B. (17 September 2023). Success spawns a new approach at High Country Salmon. BusinessDesk. Retrieved 18 December 2023 from businessdesk.co.nz/article/the-life/success-spawns-a-new-approach-at-high-country-salmon

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1. For an explanation of the conservation status system, see Department of Conservation (DOC). (n.d.). Conservation status of plants and animals. Retrieved 11 May 2023 from www.doc.govt.nz/nature/conservation-status



2. Southern Seabirds Trust. (2019). New Zealand Seabirds. Retrieved 11 May 2023 from www.catchfishnotbirds.nz/nz-seabirds
3. Forest & Bird. (2018). Important Bird Areas for New Zealand Seabirds. Retrieved 11 May 2023 from www.forestandbird.org.nz/resources/important-bird-areas-new-zealand-seabirds
4. Schuckard, R. (2022). New Zealand king shag – Kāwau pāteketēke. New Zealand Birds Online. Retrieved 11 May 2023 from www.nzbirdsonline.org.nz/species/new-zealand-king-shag
5. NIWA. (March 2017). Unique research records rare whale species in Cook Strait. Retrieved 15 May 2023 from www.niwa.co.nz/news/unique-research-records-rare-whale-species-in-cook-strait

Seabird references

A: Conservation status

See Table 1.1.

B: Identification and location

For a list of IBA seabird species for (i) Cook Strait and (ii) the Marlborough Sounds, see Forest & Bird. (2014). Important Areas for New Zealand Seabirds – Sites at Sea, Seaward Extensions, Pelagic Areas, pp. 12–15. The Royal Forest & Bird Protection Society of New Zealand. Retrieved 10 May 2023 from www.forestandbird.org.nz/resources/important-bird-areas-new-zealand-seabirds. See excerpt in Tables 3 and 4 below.

C: Disclaimer

There are many other endangered seabirds that inhabit the Cook Strait and Marlborough Sounds IBAs that are not included in this infographic. See, for example, Table 1.5.

Marine mammal and shark references

A: Conservation status

See Table 1.2.

B: Identification

Dolphins

For a list of dolphins found in New Zealand waters, see Department of Conservation (DOC). (n.d.). Dolphins. Retrieved 15 May 2023 from www.doc.govt.nz/nature/native-animals/marine-mammals/dolphins. This list was reviewed by Elisabeth Slooten from the New Zealand Whale and Dolphin Trust, via personal correspondence (September 2021).

Humpback whale, southern right whale, blue whale (probably pygmy blue whale) Marlborough District Council. (2022). Resource Management Act 1991 – Decision of Marlborough District Council. New Zealand King Salmon Company Limited, U190438, p. 14. Retrieved 15 May 2023 from www.mcguinnessinstitute.org/wp-content/uploads/2022/12/U190438-Decision-Document.pdf

Humpback whale, southern right whale
Yahia, Y. A. (n.d.). Marlborough Sounds Wildlife Identification Guide. New Zealand King Salmon (NZKS). Retrieved 15 May 2023 from www.kingsalmon.co.nz/wp-content/uploads/2020/08/Marlborough-Sounds-Wildlife-ID-Booklet.pdf

Location: Past and present evidence of the appearance of marine mammals and sharks in Cook Strait/the Marlborough Sounds

Dusky dolphin, bottlenose dolphin, common dolphin, orca/ killer whale, Hector's dolphin

'Five types of dolphin cruise the waters of the Marlborough Sounds, including the dusky, bottlenose, common, orca, and the rare hector's dolphins.' Destination Marlborough. (2019). Wildlife & Conservation. Retrieved 15 May 2023 from www.marlboroughnz.com/guides/eco-environment/dolphins

Māui dolphin

'Māui dolphins live only on the west coast of the North Island from Maunganui Bluff to Whanganui. They were once found along most of the west coast of the North Island from Cook Strait to Ninety Mile Beach.' Department of Conservation (DOC). (n.d.). Facts about Hector's and Māui dolphin. Retrieved 15 May 2023 from www.doc.govt.nz/nature/native-animals/marine-mammals/dolphins/maui-dolphin/facts

Pilot whale

'Pilot whale (*Globicephala* sp.) calls detected by acoustic recorder stationed in Cook Strait, New Zealand from December 2016 to January 2017.' NIWA. (July 2017). Pilot whale (*Globicephala* sp.) calls detected by acoustic recorder stationed in Cook Strait, New Zealand. Retrieved 15 May 2023 from www.niwa.co.nz/videos/pilot-whale-globicephala-sp-calls-detected-by-acoustic-recorder-stationed-in-cook-strait-new-zealand

Antarctic blue whale

Figure 1: Study region, with median modelled Antarctic blue whale detection areas for June 2016. Warren, V. E., Širović, A., McPherson, C., Goetz, K. T., Radford, C. A. & Constantine, R. (6 January 2021). Passive Acoustic Monitoring Reveals Spatio-Temporal Distributions of Antarctic and Pygmy Blue Whales Around Central New Zealand. *Frontiers in Marine Science*, 7. Retrieved 15 May 2023 from www.frontiersin.org/articles/10.3389/fmars.2020.575257/full

Radio New Zealand (RNZ). (13 January 2021). Blue whale study finds special New Zealand connection. Retrieved 15 May 2023 from www.rnz.co.nz/national/programmes/summer-days/audio/2018779767/blue-whale-study-finds-special-new-zealand-connection

Humpback whale

In 2014, '92 humpback whales were counted [in Cook Strait], the second highest tally in the survey with the highest being 106 humpbacks in 2012.' Department of Conservation. (June 2015). Whale watching in Cook Strait. Retrieved 15 May 2023 from www.doc.govt.nz/news/media-releases/2015/whale-watching-in-cook-strait

Pygmy blue whale

'The other [pygmy blue] whale appeared to have been feeding in the Westport area before going through Cook Strait. "It just went right through the strait and down the other side ... It spent quite a bit of time in the Kaikōura area".' Daly, M. (20 March 2018). Tagged blue whale swims around the South Island. *Stuff*. Retrieved 15 May 2023 from www.stuff.co.nz/science/102420082/tagged-blue-whale-swims-around-the-south-island

Southern right whale

In 2018 '[a] southern right whale has been delighting camera-wielding onlookers hoping to get a shot in Wellington, but recordings from history show whaling was a very different hunt until quite recently.' Radio New Zealand (RNZ). (11 July 2018). Whaling history in New Zealand's Cook Strait: Ngā Taonga Sound & Vision archives. Retrieved 15 May 2023 from www.rnz.co.nz/national/programmes/afternoons/audio/2018653157/whaling-history-in-new-zealand-s-cook-strait-nga-taonga-sound-and-vision-archives

Basking shark and great white shark

'Relevant shark species that may interact with Blue Endeavour as identified by the AEE, included common thresher, shortfin mako, porbeagle, and blue shark. There is also potential for interactions with great white sharks (threatened, nationally endangered) in all areas, and basking sharks (threatened, nationally vulnerable) off the east coast of the South Island/TeWaipounamu.' MDC Decision on NZKS application [U190438]: Blue Endeavour (para 555).

Of note, only five sharks are protected under the Wildlife Act 1953, in that they cannot be retained by law but any catches must be reported. Schedule 7A of the Wildlife Act 1953 includes the basking shark and the white pointer shark (another name for the great white shark).

C: Disclaimer:

There are likely to be many other endangered marine mammals that inhabit Cook Strait and the Marlborough Sounds that are not included in this infographic.

Table 1.5: Additional species not mentioned in the IBA, but that inhabit the area

Source: Personal communication with Rob Shuckard, 9 May 2023

Species (A-Z)	Conservation status	Year of status	Reference
Arctic skua	Migrant	Not found	Szabo, M. J. (2017). Arctic skua. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/arctic-skua
Flesh-footed shearwater	Relict	Not found	Taylor, G. A. (2022). Flesh-footed shearwater – Toanui. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/flesh-footed-shearwater
Little penguin	Declining	Not found	Flemming, S. A. (2022). Little penguin – Kororā. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/little-penguin
Pied shag	Recovering	Not found	Powlesland, R. G. (2022). Pied shag – Kāruhuruhi. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/pied-shag
Red-billed gull	Declining	Not found	Mills, J. A. (2022). Red-billed gull – Tarāpunga. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/red-billed-gull
Southern giant petrel	Migrant	Not found	Szabo, M. J. (2022). Southern giant petrel – Pāngurunguru. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/southern-giant-petrel
Whenua Hou diving petrel	Nationally critical	Not found	Taylor, G. A. (2022). Whenua Hou diving petrel – Kuaka Whenua Hou. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/south-georgian-diving-petrel Department of Conservation. (n.d.). Whenua Hou diving petrel/kuaka. Retrieved 12 May 2023 from www.doc.govt.nz/nature/native-animals/birds/birds-a-z/whenua-hou-diving-petrelkuaka/
White-faced storm petrel	Relict	Not found	Southey, I. (2022). White-faced storm petrel – Takahikare. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/white-faced-storm-petrel
White-fronted tern	Declining	Not found	Mills, J. A. (2013, updated 2022). White-fronted tern – Tara. New Zealand Birds Online. Retrieved 12 May 2023 from www.nzbirdsonline.org.nz/species/white-fronted-tern

Infographic 2 references

I: Marine area

1. Ministry for the Environment. (2007). *Environment New Zealand*, p. 315. Retrieved 17 May 2023 from www.environment.govt.nz/assets/Publications/Files/environment-nz07-dec07.pdf
- 1a. LINZ has advised this information is not currently available. However, they hope to undertake some work and have a figure available in 2024. Personal communication with LINZ, 24 May 2023.
- 1b. Personal communication with LINZ, 31 May 2023.
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II: 9 coastal marine biogeographic regions

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18. Relevant legislation and protections:

- Marine Mammals Protection Act 1978
 - The Department of Conservation Marine Mammal Action Plan 2005–2010
 - Marine Mammals Protection Regulations 1992
 - Hector’s and Māui dolphin Threat Management Plan (TMP)
 - International Whaling Commission (IWC)
 - Kaikōura (Te Tai o Marokura) Marine Management Act 2014
 - Continental Shelf Act 1964
 - Territorial Sea and Exclusive Economic Zone Act 1977
 - United Nations Convention on the Law of the Sea (UNCLOS), done at Montego Bay, Jamaica, on 10 December 1982
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VI: Maritime boundary definitions illustrated

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Abbreviations	Definitions
CZ	Contiguous Zone (24 nm limit) ‘is a belt of water adjacent to the territorial sea, the outer limits of which do not exceed 24 nautical miles from the territorial sea baseline’.
CS	Continental Shelf comprises ‘the seabed and subsoil of those submarine areas that extend beyond the territorial limits of New Zealand, throughout the natural prolongation of the land territory of New Zealand, to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend to that distance’.
IW	Internal Waters (landward of the TSB) includes any areas of the sea that are on the landward side of the territorial sea baseline. For example the Tory Channel/Kura Te Au, Queen Charlotte Sound/Tōtaranui and Pelorus Sound/Te Hoiere are classified as ‘internal waters’ (personal communication with LINZ, 18 May 2023).
EEZ	Exclusive Economic Zone (200 nm limit) comprises ‘those areas of the sea, seabed, and subsoil that is beyond and adjacent to the territorial sea, being 200 nautical miles from the nearest point of the baseline’.
nm	A nautical mile (nm) ‘is a unit of distance equal to 1,852 metres’.
TS	Territorial Sea (12 nm limit) is an area of water not exceeding 12 nautical miles in width which is measured seaward from the territorial sea baseline – also called the territorial waters.
TSB	Territorial Sea Baseline ‘may be of various types depending upon the shape of the coastline in any given locality’.

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See also Marine Farming Amendment Act 1983, s 2(1).
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10. Animal Welfare Act 1999, ss 10 and 11.
11. Resource Management (Aquaculture Moratorium) Amendment Act 2002, s 3.
12. Resource Management (Aquaculture Moratorium Extension) Amendment Act 2004, s 3.
13. Aquaculture Reform (Repeals and Transitional Provisions) Act 2004, s 3.
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Clause 20: Additional matters over which discretion is restricted for [replacement coastal permits of] offshore marine farms
1. For replacement coastal permits for offshore marine farms under this Part, an additional matter of discretion is the adverse effects of the entanglement of large whales. Under the Regulation, large whale means 'a sperm whale (*Physeter macrocephalus*) and any baleen whale (suborder Mysticeti) except a pygmy right whale (*Caperea marginata*).
Clause 20 supplements clause 14. Clause 14 makes replacement of coastal permits for certain marine farms a restricted discretionary activity – meaning the discretion of the decision maker is limited ('restricted') to the specified matters, such as the entanglement of large whales specified in clause 20.
By comparison, the activity status for a coastal permit for a new marine farm is not prescribed in national regulations. It will depend instead on the provisions of the relevant regional coastal plan. In most cases the relevant plans will make such activities either fully discretionary or non-complying, which means the decision-maker must take account of all effects that are relevant (i.e. the discretion is not restricted). For example, Blue Endeavour was a 'non-complying' activity, so the decision-maker was obliged to take account of all effects. Personal communication with Morgan Slyfield, 13 June 2023.
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5. 'If Blue Endeavour is approved, the three fallowed farms in the Pelorus Sound will be used as nursery sites for nine months of the year ...' See NZKS. (n.d.). *New Zealand King Salmon Annual Report FY22*, p. 4. Retrieved 17 April 2023 from www.kingsalmon.co.nz/wp-content/uploads/2022/05/NZKS-Annual-Report-FY22-WEB-FINAL-2.pdf
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Table 4.1 definitions

King salmon/Chinook salmon

King salmon/Chinook salmon, *Oncorhynchus tshawytscha*, is part of the Salmonidae family.

Marine farming licence (MFL)

These were issued by the Ministry of Agriculture and Fisheries under the Marine Farming Act 1971 and then became 'deemed coastal permits' under the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004. Feed discharge limits are not specified in the conditions on MFLs. The size of net pens is sometimes specified. Under the Act, MDC was able to (and did) carry out a review of the conditions on all the original MFLs. Those reviews were intended to and largely did align the consent conditions between MFLs and the related resource consent(s). For NZKS sites, invariably the original MFL has been augmented by one or more later resource consents which cover the structures and/or the discharge of feed and/or additional species and/or other ancillary activities. Personal communication with Marlborough District Council, 9 June 2023.

Marine farming permit (MPE)

These were issued by the Ministry of Fisheries, now MPI, under the Fisheries Act 1983 and then became 'deemed coastal permits' under the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004. Personal communication with Marlborough District Council, 9 June 2023.

Permit area/permitted areas

There are several types of permitted areas mentioned in a resource consent:

- Pen surface area (minimum):
The actual surface structure of the pen and/or cages permitted under the consent (i.e. usually the smallest area mentioned in a resource consent).
- Pen boundary area:
The boundary that a pen or cage, or a group of pens or cages, can be placed within.
- Marine farm boundary area:
The area able to be used to undertake the business of salmon farming (including accommodation, barges etc). Sometimes this is called the licence area.
- Overall consent area (maximum):
The extreme outer area covered by the consent (i.e. it includes the area between navigation markers in the consent). The distinction is best understood in that if NZKS (or indeed any other MPI-registered salmon farming organisation) wished to add a third farm into the Blue Endeavour navigational area of 1000 ha it would trigger a public consultation process. Personal communication with Marlborough District Council, 25 May 2023.

Importantly, the RMA requires consent authorities to evaluate the proposals in front of them, not second-guess changes that may/may not occur in the future. If the present proposal is consented, and the consent holder seeks a change in the future (such as to increase permitted feed or the pen boundary area), then the RMA provides direction on the process to be followed (s 127). The same notification provisions that governed the initial application are in play – but the focus is on the extent of the change (i.e. not a re-litigation of the original consent). Plus, the consent authority must consider every person who made a submission the first time around, or who may be affected by the change. Personal communication with Morgan Slyfield, 13 June 2023.

Permitted feed discharge

The conversion of salmon to feed was 1:1.66 as at 2023 (see FY2023, p. 10). The permitted feed discharge is the maximum consented feed discharge, and may differ from actual feed discharged.

For feed discharged at all the salmon farms see McGuinness Institute. (4 May 2017). *Workings to support the Letter to the Minister on the MPI Proposal*. Retrieved 18 April 2023 from www.mcguinnessinstitute.org/wp-content/uploads/2017/05/20170508-McGuinness-Institute-%E2%80%93-Letter-to-the-minister-%E2%80%93-Figures-1-2-and-3.pdf

For permitted feed discharged see the relevant resource consents on the Marlborough District Council website (each farm has a site number, an application number and related consents, see table on infographic 5 in this series). However, some resource consent applications, particularly marine farm licences, are buried within the marine farm licence history. 'There is often a lot of superfluous associated information in these files ... In most MPE instances we do not hold a record of the original application because that was a process managed by the Ministry of Fisheries under the Fisheries Act 1983, and not by MDC' (personal communication with Marlborough District Council, 31 May 2023). See also McGuinness Institute. (4 May 2017). *Workings to support the Letter to the Minister on the MPI Proposal*. Retrieved 18 April 2023 from www.mcguinnessinstitute.org/wp-content/uploads/2017/05/20170508-McGuinness-Institute-%E2%80%93-Letter-to-the-minister-%E2%80%93-Figures-1-2-and-3.pdf

Related resource consents

All consents other than the existing resource consents that relate or have related to the site.

U# (the number given by MDC)

This denotes a resource consent application made to the Marlborough District Council under the Resource Management Act 1991.

Table 4.1 references

1. Number of pages

The MDC Property Files Online website includes a number of links for each resource consent, namely 'decision document', 'resource consent monitoring', 'working papers', 'planners report', 'processing' and 'application'.

The Institute's key interest is in the decision that enables the permitted activity (e.g. area, feed discharge, expiry date, etc). This is usually found in the decision document. Where the MDC uses the term 'decision document' twice for a single consent (see example from MDC website below), we have combined both documents into one PDF and added them to our website table: www.mcguinnessinstitute.org/nzks-submissions

Note: There are a few older consents where key information can be found in the working papers.

MDC has stated that when the resource consent files were digitised, significant time and effort was expended to ensure the decision document was true and complete. That said, there is no guarantee that those records are completely free from error. Personal communication with Marlborough District Council, 29 June 2023.

The page numbers in the Institute's table refer to the PDF that we have created so that pages can be easily found and cited.

Resource Consent Number

MFL001

Keyword (optional)

SEARCH

^ **Marine farm licence 001 for a marine farm of 4.5ha in Ruakaka Bay for the purpose of marine farming chinook salmon (*Oncorhynchus tshawytscha*), snapper (*Chrysophrys auratus*) and green shell mussels (*Perna canaliculus*).** MFL001 07 Nov 2008

∨ **Resource Consent Monitoring** MFL001M 27 Jul 2009

∨ **Working Papers** MFL001WP 11 Sep 2009

Planners report (116KB) Record: 095023 28 Jan 2009

Decision Document (2MB) Record: 1214853 19 Jan 2012

Section 127 Application (48MB) Record: 2052760 20 Mar 2020

Section 127 Decision Document (158KB) Record: 2081126 19 May 2020

2. Site 1: Otanerau (site 8396)

U040217 and MPE763 resource consents are part of a dual permit regime. Importantly MPE763 has not been surrendered, expired or cancelled. See *MDC Planners Report (2007)*, file number MPE763, para 5 & 6, p. 1. MPE763 was not found, but the key information is generally found in U040217.

6. To clarify, the following approvals are currently active:		
MFL446	3.25ha	Marine farm licence: for occupation, structures and activity.
U040217	7.55ha	Resource consent: for occupation, structures, activity and discharge to the coastal marine area.
MPE763	7.55ha	Marine farming permit: for activity.

Note 1: A MAF planner's report (letter dated 2 Nov 1989) implies the farm was originally established on this site under a 'temporary marine farming licence' granted to Regal Salmon Ltd. Importantly, MDC has no evidence of a vary/add/delete of a previous MFL446 consent, so the oldest active resource consent date for this site is 11 July 1990. See Table 3: Copies of active NZKS resource consents by site on the Institute's website for a copy of the 1989 planners report.

Note 2: MPE763 contains a proposed site plan (dated June 1995) building on the MFL446 consent, granted on 11 July 1990. The proposed site plan is for the creation of a 7.55ha mooring area around the salmon cages. U950635 was granted on 19 February 1996 and expired in 2004. This led to a new application and resource consent called U040217 which is active today.

3. Site 2: Ruakaka (site 8274)

(a). History of the site

1975: 'Marine farm licence MFL001 was issued to the original consent holders in October 1975. Prior to this there had been a limited amount of farming under a special marine farming permit. The licence was initially for a 0.4046ha site in Crail Bay but was then transferred to Ruakaka Bay and taken over by Regal Salmon. In October 1991 a variation to the licence extended the area to 4.50ha. The licence was issued under the Marine Farming Act 1971.

'In the following years three resource consents were issued — for extensions to the site, for structures, and for discharge of feed.

'Resource consent U950656 was for a 6.803ha extension to the licence area, to allow for an enlarged anchorage zone; this made a total site of 11.303ha.' See 2007 review of consent conditions on MFL001, completed 16 October 2007.

2011: See excerpt from *New Zealand King Salmon Report* (2011), p. 13. Retrieved 29 May 2023 from [epa.govt.nz/assets/FileAPI/proposal/NSP000002/Applicants-proposal-documents/6e18a60c5b/Appendix-2-NZ-King-Salmon-Report.pdf](https://www.epa.govt.nz/assets/FileAPI/proposal/NSP000002/Applicants-proposal-documents/6e18a60c5b/Appendix-2-NZ-King-Salmon-Report.pdf)

There are three full-time permanent employees located at Waiau.

31. Ruakaka farm:

The Ruakaka Bay farm, in Queen Charlotte Sound was established in 1985 as a small research based, one-acre farm by the South Island Salmon Partnership (the precursor to Regal Salmon). It is located on the site of the first registered mussel farm in New Zealand and still retains Marine Farm Number 1 status. Previously the South Island Salmon Partnership had operated salmon sea pens in Elie Bay however the elevated water temperature at this site meant that smolt survival was low and stock losses due to scale loss were high. The site, the oldest of NZ King Salmon's farms, is characterised by water depths of around 35m and low current flows (average mid-water flow of 3.7 cm/s). Over an annual period, water temperatures at this site range from ~11-18°C. Salmon are raised in 20 steel sea pens (20x20m) at this site. As at early 2011 the site produces some 1000 metric tonne (mt) of salmon per annum.

NZ King Salmon Report

13 August 2011

2023: NZKS has indicated in its annual report (FY2023) that results outperformed expectations (see p. 22). 'In a supplementary strategy, we have implemented a seasonal harvest, whereby we harvest smaller fish as additional volume prior to the summer months. Towards the end of FY23, we successfully completed the first seasonal harvest from Ruakaka farm in the Queen Charlotte Sound, resulting in an approximate increase of 750 tonnes of biomass' (p. 5).

(b). Resource consent history

Impact of the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA):

The ARA commenced on 1 January 2005. It granted all existing farms (as at 1 January 2005) 20-year extensions, to 31 December 2024 (see s 10 (8)). Under s 10 (9)(c) of the ARA, a 'deemed coastal permit' is to be treated as if it 'includes all the coastal permits that would otherwise have been required under section 15 of the Resource Management Act 1991 to undertake those activities to the extent that they were being undertaken at the commencement of this Act [the ARA]'.

MFL001 is a 'deemed coastal permit' under the ARA, as it was granted by the Ministry of Fisheries on 29 September 1975 and issued under the Marine Farming Act 1971 (see s 8 (1) of the ARA). Importantly, the discharge of feed and size of net pens were not specified in the original 1975 decision for MFL001.

U021247 is not a 'deemed coastal permit' under the ARA, as it was issued under the RMA, not the Marine Farming Act 1971. As a result of processes outlined in Table 4.2 it was, over time, split into two parts, both using the same reference number: U021247 granted on 12 December 2005 applied to the farm discharges, and U021247 granted on 26 November 2007 related to occupancy of the site by structures, and use of the site generally for marine farming activity. The latter, relating to occupancy and use, expired on 21 May 2021. The former, relating to discharges, seems to have been relied on for some period of time, but by 19 May 2020 both NZKS and MDC shared the view that the discharges associated with Ruakaka were not in any way governed by U021247, but rather governed by the MFL001 'deemed coastal permit'.

This means that if NZKS wanted to increase the feed discharge above the amount discharged in 2004, it needed to seek a change to MFL001 to authorise that. This has not happened.

As an example of how significant changes operate in practice, a new condition was needed to increase the overall consent area (see U200301 (granted 15 October 2020)).

U200301 was granted on 15 October 2020 'renewing U021247 in part' (see pp. 1, 10 of U200301). U200301 only concerns the anchoring structures in a 6.8 ha area and in no way authorises a discharge of feed. Therefore the consent conditions in U200301 only concern some of the anchoring structures and not the surface net pens. Those net pens are covered under MFL001. MDC explains that if NZKS could only use the smaller area of MFL001 the cages would have to be much smaller and/or anchored quite differently than they are now (personal communication with Marlborough District Council, 15 June 2023). This resource consent (U200301) does not mention any species (see for example p. 7 of U200301).

Disagreements over the maximum feed discharge limit

Institute's perspective: The limit is 1850 tonnes. As no condition existed on the maximum feed discharge under either MFL001 or U950656, the ARA reforms come into play, therefore the actual 2004 discharge prevails as the limit. This was about 1850 t in 2004 (see Cawthron Report, March 2012, Figure 2).

NZKS's perspective: The max feed discharge is 4000 t (Personal communication with NZKS, 18 August 2023).

MDC's perspective: The max feed discharge is about 2000 t. However, given the current discharge is below 2000 t (last year it was 1301 t, see Figure 17 in the SLR May 2023 report), MDC is not worried about the current situation (Personal communication with Marlborough District Council, 21 August 2023; 18 August 2023; 14 August 2023; 8 August 2023; 1 August 2023; 31 July 2023 and 10 July 2023).

Date	Permit	Event	Relevance to duration	Relevance to discharge
29 September 1975	MFL001	MFL001 issued under Marine Farming Act.		No specific approval of discharge, no specific limit on discharge
February 1996	U950656	U950656 issued under RMA, coastal permit to occupy space and disturb seabed for moorings.	Expiry date set: 24 May 2003.	No specific approval of discharge, no specific limit on discharge
3 March 1999	U980543	U980543 issued under RMA to install cages and barges of specific dimensions.	Expiry linked to U950656.	No specific approval of discharge, no specific limit on discharge
25 November 2002	U021247 (structures and discharges)	NZKS applies for consent to replace and modify U950656 and U980543. This application is for both structures and discharges.	20-year term sought. Pending determination of application, NZKS can continue to act under U950656 and U980543 (RMA, s 124).	Application requests: An allowance to discharge up to 4000 t pa. States the extant farm does not have a specified maximum discharge. Increase in area of occupation from 1.2786 ha to 2 ha.
19 March 2004	U021247 (structures and discharges)	MDC grants application, for less than NZKS sought.	To expire 15 years after the date of issue of a fisheries permit under the Fisheries Act.	MDC declines 4000 t pa allowance, and authorises discharge up to 3200 t pa. MDC declines to increase occupation area to 2 ha.
Unidentified	U021247 (structures and discharges)	NZKS appeals MDC decision.		
1 January 2005	MFL001	Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA) comes into force. Under s 10(1), MFL001 is deemed to be a coastal permit.	Under s 10(8) MFL001 is due to expire on 31 December 2024.	Under s 9(c) MFL001 is to be treated as if it includes all coastal permits for discharge that would have been required under s 15, RMA to the extent those discharges were being undertaken as at 1 January 2005. For the 12 months prior to 1 January 2005 records show a discharge slightly less than 2000 t pa. NB. On 1 January 2005, NZKS was not authorised to occupy 2 ha at Ruakaka. Under U980543 and U950656 it was authorised to occupy up to 1.2786 ha within the approved 11.303 ha area.
12 December 2005	U021247 (structures and discharges)	Consent orders issued by Environment Court resolving NZKS appeal by agreement between all parties. NB. U980543 and U950656 expire, under s 124, RMA.	The consent orders replicate the MDC decision: permit expires 15 years after the date of issue of a fisheries permit under the Fisheries Act.	The consent orders provide for discharge to be increased (in stages) up to 4000 t pa. Occupation up to 2 ha.

Table 4.2: History of Site 2: Ruakaka (site 8274) by feed discharge

Date	Permit	Event	Relevance to duration	Relevance to discharge
26 November 2007	U021247 (occupancy and use)	MDC grants to NZKS a variation of conditions under s 128, RMA. NB. This splits U021247 into two approvals, both with the same reference number: in relation to discharge the 12 December 2005 U021247 provisions apply; and in relation to structures and marine farming activity, this variation on U021247 applies.	Expires on 7 May 2021. NB. Because of the splitting of U021247, this expiry applies only to the occupancy and use, not the discharge.	Condition 3 states that the current discharge permit is U021247 (meaning the 12 December 2005 permit). Condition 5 incorporates an allowance to occupy up to 2 ha.
26 November 2007	MFL001	MDC decides to vary conditions under s 10(4), ARA (review under this section being for making conditions consistent with the RMA) NB. This does not purport to be a permit for discharge. It is for 'Structures' and for 'Occupancy and Activity'.	To expire on 31 December 2024.	Condition 3 states that the current discharge permit is U021247 (meaning the 12 December 2005 permit). Condition 5 incorporates an allowance to occupy up to 2 ha.
19 May 2020	MFL001	MDC grants NZKS application to vary condition 3 on the basis that condition 3 invalidates part of the deemed coastal permit established by s 10(9)(c), ARA.		Removes from condition 3 the reference that the discharge is permitted under U021247, leaving the discharge governed by s 10(9)(c).

The Ruakaka farm does not currently have EQA specified in its resource consent conditions. Where no EQS is provided in the consent conditions, MDC assesses monitoring results against the best management practice guidelines for EQS. See Benthic Standards Working Group. (October 2022). *Best management practice guidelines for salmon farms in the Marlborough Sounds: Part 1: Benthic environmental quality standards and monitoring protocol*. Retrieved 7 December 2023 from www.mpi.govt.nz/dmsdocument/53680-AEBR-294-Best-management-practice-guidelines-for-salmon-farms-in-the-Marlborough-Sounds

NZKS voluntarily undertakes monitoring at this site following best management practice guidelines, but it is not specifically required by resource consent to do so. Personal communication with Marlborough District Council, 21 July 2023.

4. Site 4: Crail Bay (site 8515)

This is a second adjoining farm that has two overlapping consents held by different entities. Together they enable farming of a mix of species, including salmon.

Each of the two consent holders are responsible for compliance with their respective consents – Crail Bay Trust for MFL032, and NZKS for U090634 (the latter holds the consent for salmon farming). At present, the site is used solely by Crail Bay Trust and has not been used for salmon farming for many years. No monitoring reports are provided for the site.

Although MFL032 enables the farming of king salmon, the consent itself is held by Crail Bay Trust. And more importantly, MFL032 appears to be essentially worthless in terms of enabling salmon farming at the site. This is because (i) condition 3 of MFL032 says there can be no discharge of feed unless a specific coastal permit is gained for such, and (ii) when the ARA commenced on 1 January 2005 there was no salmon farming being carried out at the site. Contrast this with the Ruakaka farm, which is entitled to discharge feed under MFL001 because it was farming salmon on 1 January 2005 and thereby benefits from section 10(9)(c) of the ARA. Personal communication with Marlborough District Council, 15 June 2023.

Resource consent history can only be found in two parts: (i) www.property.marlborough.govt.nz/trim/api/trim/11257059 and (ii) www.property.marlborough.govt.nz/trim/api/trim/11258485. Personal communication with Marlborough District Council, 15 June 2023.

5. Site 5: Forsyth Bay (site 8110)

(a). MDC advised that MFL239 has not been surrendered, expired or cancelled.

(b). The Institute found the marine farm boundary area was 150 m x 450 m = 6.75 ha on p. 2 of U040412 (and MDC agrees). However, there is an inconsistency between the drawings on p. 2, with another drawing on MDC's file, which shows the boundary measuring 150 m x 400 m = 6.0 ha (see p. 24 of U040412). However, MDC considers it is sufficiently clear overall that the current consents are only for a 6.0 ha area. The Institute agrees.

(c). Permitted feed discharge can be found in MFL239 on p. 3 (out of 46). Condition 2 states that 'any feed artificially introduced into the marine farm shall comply with the terms of discharge consent U040412 and any subsequent approval thereafter'.

6. Site 7: Waihinu Bay (site 8085)

Resource consent history:

U000956 was granted on 18 October 2000, p. 11. However, we also note a second granted date of 2 December 2003 is mentioned in para 10, p. 3 of the High Court judgement, 11 May 2012. Although the 18 October 2000 resource consent does not

state a specific feed discharge condition, it does state on the front page '[t]o discharge up to 3000 metric tonnes of salmon feed annually'. U000956 expired on 31 October 2010 and has not been replaced.

MFL456 is considered a 'deemed coastal permit' under The Aquaculture Reform (Repeals and Transitional Provisions) Act 2004 (ARA) commenced on 1 January 2005. It granted all existing farms (as at 1 January 2005) a 20-year extension, to 31 December 2024 (see s 10 (8)). See Waihinau Bay High Court decision (11 May 2012) for a thorough explanation regarding the discharge consent. 'It would appear from the file that NZKS is relying on MFL456 to enable the discharge of feed at the site, much in the same way as the feed discharge is carried out at Ruakaka' (personal communication with Marlborough District Council, 15 June 2023).

Similarly to the Ruakaka farm, the Waihinau Bay farm does not currently have EQA specified in its resource consent conditions. NZKS voluntarily undertakes monitoring at this site following best management practice guidelines, but it is not specifically required by resource consent to do so. Personal communication with Marlborough District Council, 21 July 2023.

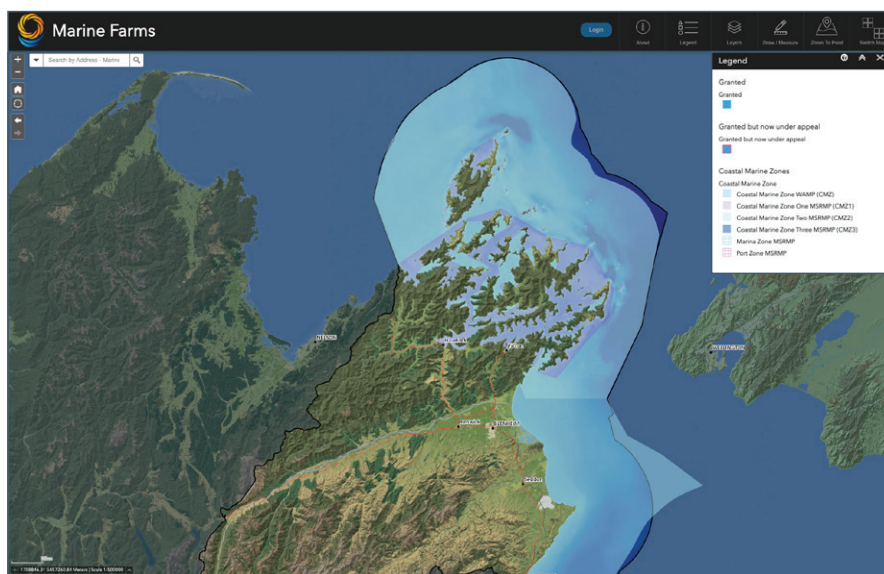
7. Site 11: Te Pangu (site 8408)

New Zealand King Salmon had asked the Marlborough District Council in 2018 to extend a farm further into the waters of Te Pangu Bay, in Tory Channel/Kura Te Au. 'To get consent for the farm, NZ King Salmon also had to ask for the marine farming zone be extended to include its farm, which required an alteration to the Marlborough Sounds Resource Management Plan. Councillors agreed to process the plan change in October 2018. The Marlborough Sounds Resource Management Plan had since been merged with two others to become the Proposed Marlborough Environment Plan, changing aquaculture rules in the region. The proposed new aquaculture rules came into effect on 2 December [2020], preventing clashes with the Government's marine farming rules, which came into effect a day earlier, but were still subject to public consultation.' NZ King Salmon withdrew its plan change request in December 2020. See Radio New Zealand (RNZ). (23 February 2021). King Salmon withdraws farm extension to 'do right' by Marlborough. Retrieved 17 April 2023 from www.rnz.co.nz/news/country/436996/king-salmon-withdraws-farm-extension-to-do-right-by-marlborough

8. Site 12: Blue Endeavour (site number to be allocated)

For 12 hectares figure for Blue Endeavour, see NZKS. (n.d.). Blue Endeavour. Retrieved 19 May 2023 from www.kingsalmon.co.nz/open-ocean-blue-endeavour

Below is an image of all existing farms and the Blue Endeavour site, showing a range of coastal zones determined and managed by MDC. See Marlborough District Council. (n.d.). Marine Farms. Smart Maps. Retrieved 30 May 2023 from www.smartmaps.marlborough.govt.nz/smapviewer/?map=6af1f32120314f569f780dafba2647cf



9. The Institute spent considerable time and effort trying to use the Marlborough District Council's marine farms Smart Maps but found several errors (a table of the errors found by the Institute is available on request). As a result the Institute made the decision to refer to the original resource consents for each farm. Personal communication with Marlborough District Council, 15 June 2023; 2 June 2023 and 31 May 2023. See also Marlborough District Council. (n.d.). Marine Farms. Smart Maps. Retrieved 30 May 2023 from www.smartmaps.marlborough.govt.nz

10. Before 2011 a dual permit regime was in operation, whereby a marine farm required both a resource consent from MDC (e.g. U040217) and a marine farming permit under the Fisheries Act 1983 from the Ministry of Fisheries (e.g. MPE763). The old regime prior to the RMA 1991 is explained in a Cawthron Report 1208 (2006), *Factors controlling the development of the aquaculture industry in New Zealand: legislative reform and Social Carrying Capacity* (see part 2.2).

While the 2011 reforms shifted most of the management onto regional councils, any new aquaculture space requires: (i) MPI approval in the form of an aquaculture decision, known as the undue adverse effects test, and (ii) MPI to maintain a Fish Farm Register. For details on the undue adverse effects test and for registering as a marine farmer, see Ministry for Primary Industries. (n.d.). Undue adverse effects test for marine farms. Retrieved 12 June 2023 from www.mpi.govt.nz/fishing-aquaculture/aquaculture-fish-and-shellfish-farming/setting-up-a-marine-farm/undue-adverse-effects-test-for-marine-farms and Ministry for Primary Industries. (n.d.). Setting up a marine farm. Retrieved 12 June 2023 from www.mpi.govt.nz/fishing-aquaculture/aquaculture-fish-and-shellfish-farming/setting-up-a-marine-farm

11. Personal communication with MPI, 1 March 2024.

Infographic 7 references

1. Recirculating aquaculture systems (RAS)

Mt Cook Alpine is looking to build a land-based RAS king salmon (Chinook) farm in Twizel. Mt Cook Alpine Salmon. (n.d.). Mt Cook Alpine Salmon to build innovative land-based salmon farm in Twizel region. Retrieved 12 June 2023 from www.alpinesalmon.co.nz/2022/10/13/mt-cook-alpine-salmon-to-build-innovative-land-based-salmon-farm-in-twizel-region

'Queenstown-based Mt Cook Alpine Salmon's USD 9.7 million (EUR 9.7 million) recirculating aquaculture system (RAS) project, which has received significant government financial support, aims to create a 1000 metric ton (MT) "hybrid" facility that partially emulates its existing glacial-fed canal system for farming salmon, according to a company press release.' Samoglu, E. (28 October 2022). New Zealand company planning 1,000-MT king salmon RAS. SeafoodSource. Retrieved 12 June 2023 from www.seafoodsource.com/news/premium/aquaculture/new-zealand-company-planning-1-000-metric-ton-salmon-ras

2. Flow-through systems (RTS)

(a). NIWA kingfish example

NIWA has an RTS system for kingfish: 'What we learned was that a land-based system is best at producing superior fish that could be grown sustainably and supplied all year round. Our land-based recirculating aquaculture system works a lot like an aquarium – just bigger. Up to 99 percent of the water can be recirculated and reused after being filtered and treated to eliminate any impurities. As the demand is growing for high-quality and sustainable fish, we are expanding our farm and currently building a recirculating aquaculture system that can produce 600 tonnes of Kingfish a year.' NIWA. (n.d). Our Facilities. Retrieved 12 June 2023 from www.niwa.co.nz/aquaculture/our-services/our-facilities

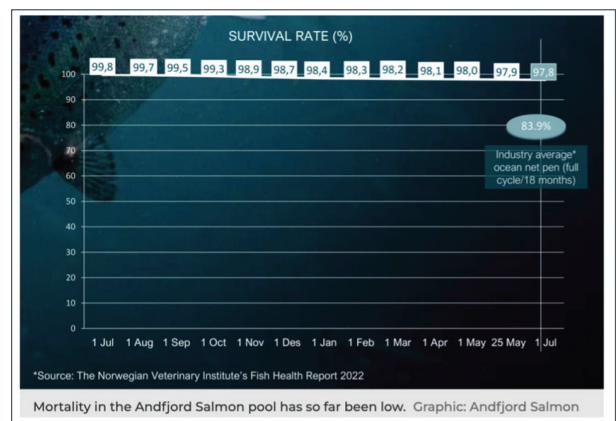
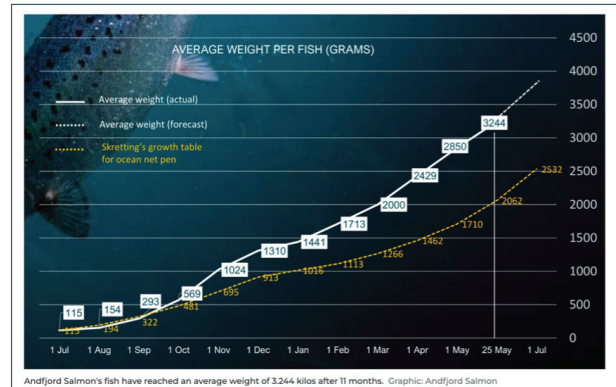
(b). RTS king salmon in Patagonia

'The first phase of Patagonia King Salmon's recirculating aquaculture system (RAS) facility has a capacity of 100 tonnes per year and will be expanded to produce 500 tonnes annually by 2024.' Fishfarmingexpert. (15 September 2021). Chilean RAS farmer making first king salmon harvest. Retrieved 12 June 2023 from www.fishfarmingexpert.com/chile-chinook-patagonia-king-salmon/chilean-ras-farmer-making-first-king-salmon-harvest/1178462

(c). RTS salmon in Norway

'As of yesterday, 24 May [2023], the average weight of the salmon in the pool at Kvalnes, in the southeast of Andøya, was 3.244 kilos after 11 months of operations. This is 40% ahead of the development stage of salmon farmed in the sea, according to a comparison with feed manufacturer Skretting's growth table for net pens.

'In its report for the first quarter of 2023, Andfjord Salmon said the growth has been achieved with an accumulated feed conversion ratio of 0.95, which means that each fish requires 0.95 kilos of feed to grow 1 kilo.



'Monthly mortality of 0.1%

'As of yesterday, the accumulated survival rate stood at 97.9%, showing a stable average mortality rate of approximately 0.1% per month. The company expects to conduct its first harvest at the turn of June/July 2023. Andfjord Salmon is in the middle of its first production cycle, which means that the company does not yet have income.

'The company made an operating loss of NOK 13.9 million (£1.02m) in Q1 2023, compared to a loss of NOK 9.9m in the same quarter last year. ... The company has the capacity to produce 1,000 gutted weight tonnes of salmon annually in the pool it currently operates and intends to excavate more pools to increase capacity to 19,000 gwt.' Fishfarmingexpert. (25 May 2023). Land-based farmer's salmon 'are 40% ahead of net pen fish'. Retrieved 12 June 2023 from www.fishfarmingexpert.com/andfjord-salmon-feed-conversion-ratio-q1-2023/land-based-farmers-salmon-are-40-ahead-of-net-pen-fish/1525433

3. Higher sea surface temperatures and concerns over biodiversity. This is likely to mean that companies will need to revisit their social licence to operate

(a). NZKS observations on impacts and changes in sea surface temperature over time

NZKS advised in 2016 that '[t]he optimum water temperature range for King salmon is 6-17°C, with maximum growth achieved in temperatures between 12-17°C. Rapid changes in temperature within this range can cause death, and most fish adapt to a narrow temperature and salinity range.' New Zealand King Salmon. (2016). *New Zealand King Salmon Operations Report*, p. 13. Retrieved 12 June 2023 from www.mpi.govt.nz/dmsdocument/16102-New-Zealand-King-Salmon-Operations-report

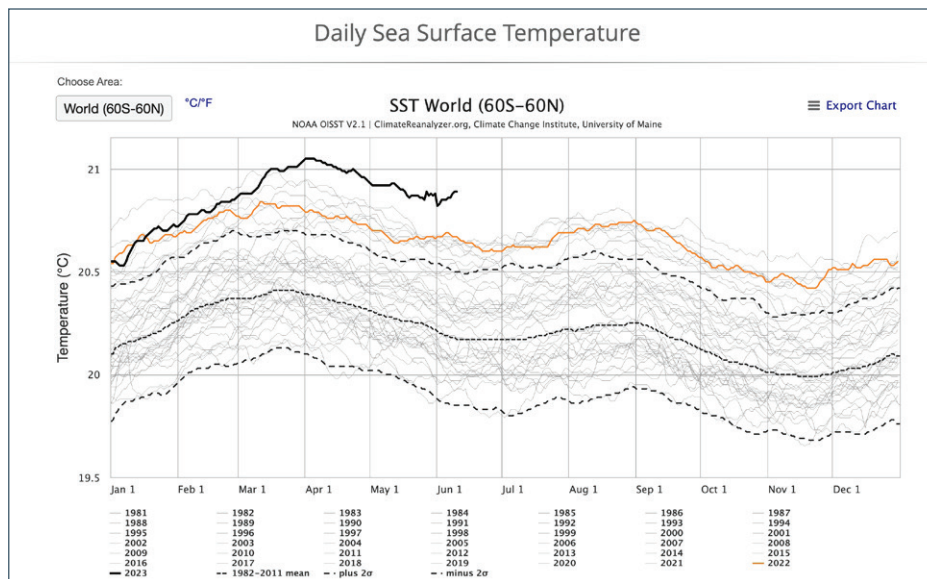
NZKS has recorded historic water temperatures which have been collated in the table below by the Institute. For the table and references see McGuinness Institute. (2022). *Discussion Paper 2022/02 – New Zealand King Salmon Case Study: A financial reporting perspective*, p. 25. Retrieved 13 June 2023 from www.mcguinnessinstitute.org/wp-content/uploads/2023/03/20230321-DP-2022-02-NZKS.pdf

Table 5: Farm site temperatures (2016 or earlier)⁵³

Farm site name	Excerpt on water temperature range
Waihinu Farm (Pelorus Sound)	'Over an annual period, water temperature generally ranges from ~12–17.5°C (but can exceed 18°C for an extended period).'
Forsyth Bay Farm (Pelorus Sound)	'Average water temperatures range from ~12–17.5°C (but can exceed 18°C for an extended period).'
Waitata Farm (Pelorus Sound, new 2013 BOI Decision)	'Water temperatures range between ~12–18.0°C.'
Kopāua Farm (Pelorus Sound, new 2013 BOI Decision)	'Water temperatures range between ~12–18.0°C.'
Ruakaka Farm (Queen Charlotte Sound)	'Water temperatures at this site generally range from ~11–18°C (however can peak at up to 20°C).'
Otanerau Farm (Queen Charlotte Sound)	'Water temperature generally ranges from ~11.5–18°C (but can exceed 18°C for an extended period), but due to the consistently higher warmer temperatures in summer at this site, salmon are only grown here for nine months of the year (April to January).'
Te Pangu Farm (Tory Channel)	'Water temperatures generally range from ~11.5–16.5 °C.'
Clay Point Farm (Tory Channel)	'It has cooler water temperatures (~10.5–16.5°C) compared to farms in Pelorus and Queen Charlotte Sounds, making this site ideal for growing salmon.'
Ngamahau Farm (Tory Channel, new 2013 BOI Decision)	'Water temperatures range between 10.5–16.5°C.'

(b). International observations on changes in sea surface temperature over time

Birkel, S. D. (2023). Daily Sea Surface Temperature. Climate Reanalyzer. University of Maine, United States. Retrieved 12 June 2023 from www.climateanalyzer.org/clim/sst_daily/



(c). Selectively breeding salmon for thermotolerance

Cawthron Institute is currently working with NZKS and their breeding stock to be able to select and breed salmon that show a greater tolerance to increasing water temperatures.

Raghukumar, K. (11 September 2023). How to get salmon out of hot water. Radio New Zealand. Retrieved 18 December 2023 from www.rnz.co.nz/national/programmes/voices/audio/2018903493/how-to-get-salmon-out-of-hot-water

See also NZKS. (n.d.) *New Zealand King Salmon 1HY24 Financial Results*. Retrieved 18 December 2023 from nzx-prod-s7fsd7f98s.s3-website-ap-southeast-2.amazonaws.com/attachments/NZK/418597/403397.pdf

4. More applications for ocean farming, and land-based farming using water from the ocean

NZKS is looking to expand fish farming further along the coast from North Marlborough to Stewart Island.

2012: Brief of evidence of Mark John Gillard in relation to site selection and consultation for the New Zealand King Salmon Co. Limited, June 2012, pp. 10–11. Retrieved 17 April 2023 from www.epa.govt.nz/assets/FileAPI/proposal/NSP000002/Evidence-Applicants-evidence/5545dd4011/2-Mark-Gillard-Site-Selection-and-Consultation-v1.pdf

Key matters for consideration in selecting possible salmon farm sites

20. Based on my experience, there are two overarching critical matters to consider in determining whether it is *feasible* to farm salmon productively:

- a. The **first critical matters** are the key appraisals of the physical characteristic required for salmon to successfully grow (rather than perform poorly or possibly die). These are primarily:
 - i. Water **temperature** - salmon prefer cooler waters and usually grow best in water temperatures between approximately 12 to 17°C;
 - ii. Water depth - which preferably should be at least 30 metres and ideally 40 metres or more;
 - iii. High current - it is generally preferable to grow salmon in areas of high current.

Water depth and current can impact on temperature, but are also important in terms of "flushing" by-products from the farm area.

It is not an exact science. For example, some warm sites that are at the marginal temperature of 17°C (or even just over in the summer), can be managed if they are for example stocked at times to avoid warm temperatures especially with smolt during their first year in seawater. Our existing site at Waihinau Bay falls into this category, although we have farmed this site for over 20 years

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we do still experience difficulties with our autumn mortality event. Mr Mark Preece in his evidence explains the difficulties we experience on that site.

- b. The **second critical matter** is that farms cannot be exposed to open water wave conditions - they will fail. The technology, in terms of anchoring, ability to withstand open ocean swells, storms, and to reliably service farms means they cannot be too exposed. In the future this might be technically possible and there are efforts world wide to try and develop this technology. However, it will be years away and would probably also be prohibitively expensive.

2016: Move to Tory Channel/Kura Te Au

Simpson, H. (10 May 2016). New Zealand King Salmon says failing farms should be moved to Tory Channel. Stuff. Retrieved 17 April 2023 from www.stuff.co.nz/business/farming/aquaculture/79637662/new-zealand-king-salmon-says-failing-farms-should-be-moved-to-tory-channel

2019: Move to open waters

It was reported: 'NZ King Salmon has applied for 13 research positions from North Marlborough to Stewart Island to monitor waves and currents in a bid to expand fish farming further into New Zealand's open waters. Testing had been completed on the most northern side of Cook Strait with conditions "more benign" than NZ King Salmon anticipated ... [NZ King Salmon chief executive Grant Rosewarne] said he predicted the technology to open ocean farm at "benign" sites like this one would be available ahead of obtaining the required resource consents. The technology to handle sites further down the coast, and close to Stewart Island, where weather was more challenging, was more like 10 years away, he said. ... Rosewarne said this summer had not been as hot as last, where tonnes of fish died after overheating in warmer than usual Marlborough Sounds farms.

But it was still "too warm for our fish", Rosewarne said. Anything above 16 degrees Celsius could be a problem.' Angeloni, A. (8 April 2019). NZKS to test waters down SI's east coast after Cook Strait trial. Stuff. Retrieved 17 April 2023 from www.stuff.co.nz/business/109625032/nzks-to-test-waters-down-sis-east-coast-after-cook-strait-trial

Home > Database search > Resource Management Act (RMA) applications

New Zealand King Salmon offshore monitoring sites - call in request

Proposal overview

Proposal number:	NSP000043
Proposal name:	New Zealand King Salmon offshore monitoring sites - call in request
Primary organisation:	New Zealand King Salmon Company
Proposal type:	Resource consent application
Proposal state:	Lodgement
Application decision:	Decision not yet made
Date decision notified:	
Proposal description:	New Zealand King Salmon (NZKS) have applied for resource consents for coastal permits, for the monitoring of offshore sites within the Coastal Marine Area (CMA) within Marlborough District Council and Southland Regional Council. Both councils have requested that the Minister of Conservation call in these applications from NZKS as a National Significant Proposal. NZKS lodged similar applications with the Canterbury and Otago Regional Councils.
Latest website update on proposal:	

Source: EPA. (nd.). New Zealand King Salmon offshore monitoring sites - call in request. Retrieved 19 June 2023 from epa.govt.nz/database-search/rma-applications/view/NSP000043

The New Zealand King Salmon (NZKS) salmon farm north of Cape Lambert, Marlborough

Proposal overview

Proposal number:	NSP000044
Proposal name:	The New Zealand King Salmon (NZKS) salmon farm north of Cape Lambert, Marlborough
Primary organisation:	New Zealand King Salmon Company
Proposal type:	Resource consent application
Proposal state:	Proposal Close-Out
Application decision:	Decision to be made by Local Authority
Date decision notified:	
Proposal description:	The New Zealand King Salmon Co. Limited (NZKS) has lodged a resource consent application with Marlborough District Council (U990438) to establish and operate salmon farms within a 1,792 hectare site (approximately 3.3km wide by 5.4km long) located between 6 km and 12 km due north of Cape Lambert, Marlborough. Two blocks of pens are proposed within the application area. The development of the site will be staged. The Minister of Conservation received correspondence from Friends of Nelson Haven, Kenepuru and Central Sounds Residents Association, Marlborough Environment Centre and Guardians of the Sounds regarding the resource consent application lodged by NZKS (the applicant) to establish and operate a salmon farm north of Cape Lambert, Marlborough, asking the Minister to call in the matter under section 142 of the Resource Management Act 1991 (RMA). The Minister has the power under section 142 of RMA to make a direction to call in the application on the Minister's own initiative or at the request of the applicant or the local authority.
Latest website update on proposal:	

Source: EPA. (nd.). The New Zealand King Salmon (NZKS) salmon farm north of Cape Lambert, Marlborough. Retrieved 19 June 2023 from www.epa.govt.nz/database-search/rma-applications/view/NSP000044

2023: NZKS 14 June AGM

At the AGM, the acting Chairman, Paul Steere, noted that: 'Blue Endeavour was the largest, most expensive application under the RMA ever in any form of NZ Aquaculture.

It was first lodged in July 2019 after some 18 months of preparatory work by your company in scoping the needs, monitoring the proposed and other possible sites for their conditions and suitability, studying the technology already being used in the northern hemisphere and engaging with interested 3rd parties both supportive and some, maybe a little concerned.

The three learned Commissioners appointed by the Marlborough District Council called for public submissions on the 18th October 2019 – 56 were received, of which 39 supported the application, 14 were opposed and 3 neutral.

The commissioners had 5 periods of meetings totalling 11 days – a significant amount of work was done by correspondence between the commission with the parties involved. Some 26 witnesses gave evidence from the company and of the submitters, 26 also gave evidence, as did 9 council officers. We are very grateful to the company team, especially to Grant, Mark Preece, Mark Gillard and Zac Waddington plus the legal team of Gascoigne Wicks led by Quentin Davis, for their combined diligence, application and aptitude in seeing this through to a positive conclusion.

Approval of the application was released by the commissioners on behalf of the Council on the 10th of November 2022 – the decision runs to 199 pages including appendices.

So over 5 years in the making, \$7million in fees and research by your company to say nothing of the distraction from the teams day jobs, and subject to the formal lodgement, we now have the resource consent for two farms under acceptable conditions, within an area of 1,000 hectares just 5km north of point Lambert in the north Marlborough Sounds.'

At the AGM, the acting Chief Executive, Graeme Tregidga, noted that 'Blue Endeavour has the potential to add up to 10,000MT of harvest volume in conjunction with our nursery sites when fully developed' [and] 'Future full capacity of existing sites plus a fully developed Blue Endeavour is ~17,000MT.'

NZKS. (14 June 2023). New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Chair and CEO's Address. Retrieved 19 June 2023 from www.nzx.com/announcements/413033 See also NZKS. (14 June 2023). New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Presentation. Retrieved 19 June 2023 from www.nzx.com/announcements/413033

5. **More compliance costs for marine-based farming**

The MDC can recover direct costs of compliance from marine farms. There are 4.5 FTE compliance officers in the MDC compliance monitoring team. Officers' roles are varied and there is not one dedicated marine compliance officer as workloads change with demand at different times of the year. Compliance officers come from a range of backgrounds with qualifications in a number of different disciplines including legal, enforcement and science. All compliance officers are trained in local government compliance monitoring. When specific science knowledge is required Council calls on marine scientists to provide technical advice to compliance officers. Compliance charges recovered for marine finfish farming are as follows: 1 Jan–31 Dec 2020: \$7422.50; 1 Jan–31 Dec 2021: \$7101.75 and 1 Jan–31 Dec 2022: \$9015.47. Personal communication with Marlborough District Council, 26 May 2023.

6. **Coastal charges/resource rent tax applied uniformly across all marine-based farms**

Currently NZKS, or indeed any other finfish farmers, are not charged by councils for occupying public water space. MDC did attempt to implement a charging system. However, NZKS 'successfully challenged the Marlborough District Council's proposal to charge companies for occupying coastal waters for finfish farming. The Environmental Protection Authority's Board of Inquiry has determined the council cannot introduce new coastal charges on finfish farmers at this point in the process examining King Salmon's application to farm in areas of the Marlborough Sounds where marine farming is prohibited. King Salmon has indicated to the Marlborough Express, however, that it will consider paying charges under certain conditions'. Bell, C. (13 April 2012). EPA knocks back fish farm charge.

Stuff. Retrieved 17 April 2023 from www.stuff.co.nz/marlborough-express/news/salmon-farms/6636530/EPA-knocks-back-fish-farm-charge

In 2014 the MDC prepared a report: *Reviewing Marlborough's Regional Policy Statement and Resource Management Plans* (1 July 2014). The level of proposed charges were very low. Of note, the intention was that the actual charges would reside within the Annual Plan rather than in the plan (see p. 6).

In 2021:

The potential delivery of government intervention in the aquaculture space is discussed in para. 221 of the MPI report *Open Ocean Salmon Farming in New Zealand* (October 2021). Retrieved 30 June 2023 from www.mpi.govt.nz/dmsdocument/50131-Open-Ocean-Salmon-Farming-in-New-Zealand-Aquaculture-Strategy

The report notes on p. 56:

Para. 221: Any changes from the RMA reform and/or the work being undertaken by the Ministry on resource consenting that might impact on the interface between government, in its widest sense and participants is unlikely to warrant the establishment of new entity. However, there are some options for changes that will involve new activities. For example, there are options for how consented water space might be allocated to participants and charges levied for access to water space.

In June 2023:

MDC has sought to impose coastal occupation charges through the Proposed Marlborough Environment Plan (PMEP). The PMEP is in progress, see in particular policies 13.20.4–13.20.8 and methods 13.M.33 and 13.M.34 in the Coastal Environment chapter. Retrieved 30 June 2023 from www.marlborough.govt.nz

Personal communication with Marlborough District Council, 27 June 2023.

Resource rent tax on aquaculture (Norway)

The production/use of natural resources can sometimes generate a high return through using a public area. This is often referred to as resource rent. A resource rent tax on aquaculture recognises that the public are disadvantaged through the exploitation of water spaces (through, for instance, visual or environmental pollution). By introducing a resource rent tax, a government can return the benefit to the public, often through distributing a share of the tax take to both the state and the local community.

'The rationale behind the new tax is based on the sector's use of public resources, and already applies to sectors such as hydroelectric power stations that profit from state assets. Previously proposed in 2019, it is back on the agenda following the rise in the costs of the provision of public services that is affecting all of Europe as a result of the Russia-Ukraine war.

'Municipalities close to the farms are likely to benefit the most, as Norway's Finance Ministry explained in a statement. "A key element of the proposal is that the local communities which make natural resources available should be guaranteed a share of the resource rent. The tax revenues are estimated to be between NOK 3.65 and 3.8 billion [\$347 million to 361 million] and the government is planning for half of this to go to the municipal sector."

'The government said those farms operating under the development licence initiative, which are testing new technology, will be immune from the new resource rent tax.'

TheFishSite. (28 September 2022). Norway moots 40 percent tax for the country's largest trout and salmon farms. Retrieved 14 June 2023 from www.thefishsite.com/articles/norway-moots-40-percent-tax-for-the-countrys-largest-trout-and-salmon-farms

'The Norwegian Parliament has passed an additional resource rent tax on aquaculture in Norway, with a tax rate of 25%. This is in addition to the regular corporate tax and means that the marginal tax rate on aquaculture will increase by over 100%, from 22% to 47%. The new tax will apply retroactively from January 1, 2023, and is being implemented without the involvement of stakeholders and broad political consensus that traditionally characterize major changes in the tax system and framework for Norwegian businesses.' SalMar. (31 May 2023). SalMar – Resource rent tax on aquaculture in Norway. Retrieved 14 June 2023 from www.globenewswire.com/news-release/2023/05/31/2679636/0/en/SalMar-Resource-rent-tax-on-aquaculture-in-Norway.html

7. Feed costs and supply issues increase, solution is to produce feed in New Zealand

2012: Statement of Evidence of Ben Armour Wybourne in relation to feed discharge for the New Zealand King Salmon Co. Limited, June 2012, pp. 12–13. Retrieved 2 June 2023 from www.epa.govt.nz/assets/FileAPI/proposal/NSP000002/Evidence-Applicants-evidence/7256335586/15-Ben-Wybourne-Salmon-Feed-v1.pdf

Summary of Ingredients Used in NZ King Salmon Diets	
<i>Protein Sources</i>	
38.	The proteins contained in fish food are a mixture of fishmeal, land animal proteins and vegetable proteins.
39.	Fish require an appropriate mix of digestible amino acids (the building blocks of protein) as opposed to raw protein material (such as fishmeal) <i>per se</i> . The same necessary mix of amino acids can derive from various combinations of different raw materials. Understanding the amino acid availability from specific raw materials is an important topic of research at fish feed companies.
40.	The choice of protein source varies with cost and availability, and within Skretting this varies around the world according to local conditions. Protein in New Zealand diets supplied from Skretting Australia typically derives from: <ol style="list-style-type: none"> Fishmeal; primarily Peruvian anchovy Poultry meals (bloodmeal, meatmeal, feathermeal); these rendered products are a by-product of poultry slaughtered for human consumption in Australia. These products are excellent nutritional materials for carnivorous fish. Mammalian meals; these rendered products are a by-product of cattle, sheep and pigs slaughtered for human consumption in Australia. Currently only mammalian bloodmeal (and not mammalian meatmeal) is included in New Zealand diets due to New Zealand import restrictions. Plant protein meals; Faba bean meal, lupin meal, corn gluten, wheat gluten and soya protein concentrate
41.	Concerns around the presence of antibiotics and banned substances (e.g. growth hormones) in poultry products included in salmon diets have been raised.
<i>Oils</i>	
a.	Poultry by-products used in NZ King Salmon diets derive from poultry slaughtered for human consumption in Australia. As such they are subject to strict controls on residues and a comprehensive residue monitoring program.
b.	For example, the Australian Government's National Residue Survey (NRS) for 2009-10 tested 330 commercial poultry samples (9570 analyses) and found no residues (including antibiotics) or environmental contaminants above the Limits of Reporting for products for human consumption.
42.	It was traditionally thought that fish required fish oil. We now understand that fish have a digestible fatty acid requirement that can be met from a variety of oil sources. Fish oil is still used extensively in salmon diets, but primarily to introduce long chain omega-3 fatty acids (mostly EPA and DHA) into the salmon fillet. The fatty acid composition of a salmon fillet is strongly influenced (and to an extent mirrors) the fatty acid composition of the diet. At present fish oil is the only practical source of EPA and DHA.
43.	Fish oil is a by-product of fishmeal production, although now is considered a valuable commodity in its own right
44.	Poultry oil, a by-product of poultry slaughtered for human consumption, is used to replace fish oil in New Zealand salmon diets. This poultry oil is sourced from Australian poultry. Poultry oil acts as an energy source for the fish and has the same saturated fat content as fish oil.
45.	The principal reason poultry oil is used in New Zealand is because of price and quality. In both Australasia and North America poultry oil is less expensive than the available vegetable oils. In some parts of the

2023: 'Significant increases in feed prices throughout FY23 due to raw materials constraints (impact of global pandemic and Russian/Ukraine war)'. NZKS. (n.d.). *New Zealand King Salmon Annual Report FY23*, p. 10. Retrieved 17 April 2023 from www.kingsalmon.co.nz/wp-content/uploads/2023/03/NZKS-Annual-Report-FY2023.pdf

Secondary to the issue of costs and supply chain disruptions, the production of salmon feed within New Zealand would create greater security against organisms that are potentially damaging and found in imported feed. For example, three strains of a 'New Zealand rickettsia-like organism' have already been identified in New Zealand populations of salmon and the origins of one strain are indicated to be from Chile. See Brosnahan, C. L. et al. (8 November 2018). New Zealand rickettsia-like organism (NZ-RLO) and *Tenacibaculum maritimum*: Distribution and phylogeny in farmed Chinook salmon (*Oncorhynchus tshawytscha*). *Journal of Fish Diseases*, 42(1), 85–95. Retrieved 18 December 2023 from onlinelibrary.wiley.com/doi/full/10.1111/jfd.12909

MDC is not currently aware of any such controls that are in place to prevent this. Personal communication with Marlborough District Council, 21 July 2023.

8. Cost of salmon farming infrastructure increase

The October 2021 report *Open Ocean Salmon Farming in New Zealand* begins by quoting the *Salmon Farming Industry Handbook 2021*: 'The salmon farming industry is capital-intensive and volatile. This is a result of a long production cycle, a fragmented industry, market conditions and a biological production process which is affected by many external factors.'

The report notes on p. 31:

Para 195: The cost of establishing an entire value chain for an open ocean salmon farm will be considerable. Preliminary analysis prepared by MPI suggests that the cost of consenting, onshore facilities and plant (hatchery and processing plant) and offshore infrastructure (pens) and supporting assets (vessels etc.) for an operation that can produce 10,000 tonnes of salmon per annum could be \$150 million or more. In addition, there will be operating losses that will need to be financed in the initial years as production increases. Smolt will need to be produced, salmon grown to market weight and marketing and market development undertaken before there is revenue of any substance.

Para 203: Findings from the analysis include:

The total capital required to finance the purchase/ construction of assets and to finance initial operating losses could be in the region of \$250 million.

It could be seven years from the start of the consenting process to the first year of positive operating cash flow.

The projected price per kilogram received from export sales is derived by escalating the current average export revenue per kilogram of \$21.50. The projections are sensitive to the assumed escalation rate.

Revenue in the first year that full production (10,000 tonnes) is available for sale is approximately \$285 million. Another four to five farms of the same size (five to six in total) and developed at the same time will be required to achieve industry sales revenue of \$1.5 billion by 2030.

Wattie, B. (October 2021). *Open Ocean Salmon Farming in New Zealand*. Retrieved 14 June 2023 from www.mpi.govt.nz/dmsdocument/50131-Open-Ocean-Salmon-Farming-in-New-Zealand-Aquaculture-Strategy

In 2023, the *Handbook* reaffirms: 'The salmon farming industry is capital-intensive and volatile. This is a result of a long production cycle, a fragmented industry, market conditions and a biological production process which is affected by many external factors. Over time, production costs have been reduced and productivity has increased on the back of new technology and improved techniques. In recent years, costs have trended upwards due to several factors including rising feed costs, biological costs and more stringent regulatory compliance procedures'. Mowi. (2023). *Salmon Farming Industry Handbook 2023*, p. 59. Retrieved 12 June 2023 from www.ml-eu.globenewswire.com/Resource/Download/c56557de-ebbc-4f78-be7b-b167a0d5a279

9. Increased legislation of marine space and protected areas

Background to the Marine Reserves Bill

'In September 2000 the Department of Conservation released a discussion document which reviewed the way in which marine reserves are established and managed ... A draft new Marine Reserves Bill was introduced to Parliament on Friday 7 June 2002.' Department of Conservation. (May 2001). Review of the Marine Reserves Act 1971. Retrieved 12 June 2023 from www.doc.govt.nz/about-us/science-publications/conservation-publications/marine-and-coastal/marine-protected-areas/review-of-the-marine-reserves-act-1971

It is noted that the final report was presented on 12 December 2012 and the first reading was terminated. New Zealand Parliament. (2023). Marine Reserves Bill. Retrieved 12 June 2023 from www.bills.parliament.nz/v/6/cfa3a510-592b-4866-b30b-cbaa9e9ab94c

The Institute has asked in an OIA for a copy of the 2012 report and any progress on this or similar bills. The 2012 report is no longer available on the Parliamentary website.

'The government would create a huge marine sanctuary in the wild waters of the South Island, protecting 1267sq km of ocean, about the size of Auckland. But after nearly a decade of arguing, millions of dollars, three terms of Parliament and six conservation ministers, the marine mammals, birds, fish and invertebrates that live between Timaru in South Canterbury and Waipapa Point in Southland are still without sanctuary from harmful human behaviour. And with ministers yet to receive advice on the proposal – and no timeline for a decision by the Government – the marine protection network seems unlikely to progress before next year's election.' Vance, A. (29 October 2022). A decade of wrangling, but dolphins and seabirds off the South Island's east coast

remains unprotected. Stuff. Retrieved 14 June 2023 from www.stuff.co.nz/national/politics/130147040/a-decade-of-wrangling-but-dolphins-and-seabirds-off-the-south-islands-east-coast-remain-unprotected

'Iwi organisations with interests around the Kermadec Islands have almost unanimously voted to reject the Government's latest proposal for an ocean sanctuary, a decision Environment Minister David Parker says is unexpected and disappointing. It is another major setback in fraught attempts by the government to set up the 620,000sq km Ocean Sanctuary since it was first announced at the UN in New York by former prime minister John Key in 2015.' Trevett, C. (13 June 2023). Major setback for Kermadec Ocean Sanctuary as iwi reject latest Government proposal. *NZ Herald*. Retrieved 14 June 2023 from www.nzherald.co.nz/nz/politics/major-setback-for-kermadec-ocean-sanctuary-as-iwi-reject-latest-government-proposal/WVFWIFW2ZNCWDKBMSI3KYMBUOM/



28 June 2024

Wendy McGuinness
McGuinness Institute
Wellington
By email: wmcg@mcguinnessinstitute.co.nz

Dear Wendy

Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill

1. I write to raise three issues with the current drafting of the Resource Management (Extended Duration of Coastal Permits for Marine Farms) Amendment Bill (**Amendment Bill**). I understand you intend to provide this information to the Select Committee, to supplement the presentation you gave on 27 June 2024.
2. The first issue is that the Amendment Bill seeks to solve a problem that has already been substantially solved by the Resource Management (National Environmental Standards for Marine Aquaculture) Regulations 2020. Those regulations amended the process for obtaining replacement coastal permits for aquaculture, making it cheaper, quicker and more certain. They enabled applications to be heard without public or limited notice, and they limited the matters for assessment. Those changes have substantially addressed the industry concerns that are said to be the reason for the Amendment Bill.
3. The second issue is that the current draft applies to all existing coastal permits, which includes some permits that have never been subject to a full assessment under the Resource Management Act 1991 (**RMA**).
4. Farms established under predecessor legislation (such as the Marine Farming Act 1971) and still in existence as at 1 January 2005, were brought under the RMA scheme by the Aquaculture Reform (Repeals and Transitional Provisions) Act 2004. Under s 10(9) of that Act, such farms were granted 'deemed coastal permits', i.e. they were deemed to have all coastal permits required under the RMA. The same 2004 reforms granted those existing farms 20-year extensions (i.e. to 31 December 2024).
5. As a result of these deeming and extension provisions, there are some marine farms in existence today that have never been assessed in full under the RMA.

6. The Amendment Bill would grant such farms a further 20-year extension, potentially exempting them from a full RMA assessment for a further 20 years. In other words, the 2004 reforms in combination with the Amendment Bill could result in marine farms continuing for well in excess of 40 years without being evaluated comprehensively against the sustainable management purpose of the RMA, the principles in Part 2 of the RMA, or any of the relevant regional planning provisions.
7. In my view, if the Amendment Bill is to confer a 20-year extension on existing marine farm coastal permits, then it should be limited to those permits that have been evaluated fully at some time under the RMA, and not brought into existence by the deeming provisions of the 2004 reforms.
8. The third issue is that the Amendment Bill relies entirely on Councils exercising review powers as the mechanism to ensure extended coastal permits are fit for purpose for the next 20 years, yet it constrains Councils in ways that will inevitably prevent them from properly exercising those powers. Key factors are:
 - (a) There are a very large number of permits to which the extension is proposed to apply (around 450 according the Amendment Bill explanatory note);
 - (b) Councils will be required to review permits within 2 years of the extension, and will be prohibited from undertaking any further review during the extended life of the permits;
 - (c) The reviews must be conducted at Councils' cost (i.e. there can be no cost-recovery from the consent holders).
9. In combination, these factors mean that the vast majority of extended coastal permits will not be able to be reviewed in practice. The numbers are too large, the time-frames are too short, and the costs to Councils are too great. In my view, both the time-frames and the cost-recovery aspects would need to be altered under the Amendment Bill if the review allowance were to function as any realistic safeguard on the environmental effects of the relevant marine farms.

Yours sincerely



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