
TRANSCRIPT OF PROCEEDINGS

**MARLBOROUGH SALMON RELOCATION ADVISORY PANEL
PUBLIC HEARING**

**HELD AT
MARLBOROUGH CONVENTION CENTRE,
42A ALFRED ST, BLENHEIM,
ON 10 APRIL 2017**

Appointed Panel Members:
Professor Peter Skelton, CNZM (Chairperson)
Mr Ron Crosby
Mr Alan Dormer, MNZM

[9.03 am]

CHAIRPERSON: Tēnā koutou katoa and welcome to the this first day of hearings being held by the Marlborough Salmon Farm Relocation Advisory Panel. These hearings relate to a proposal to change the Marlborough Sounds Resource Management Plan, by regulation, to facilitate the relocation of six existing salmon farms in Queen Charlotte and Pelorus Sounds. I shall refer to it from now on as the proposal. I am Professor Peter Skelton and I will be chairing the Advisory Panel. Seated to my left is Mr Alan Dormer and seated to my right is Mr Ron Crosby. Together we constitute the Advisory Panel.

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Before today we published through the Ministry for Primary Industries' website two pieces of information that we hope has helped people wanting to present to the Panel. The first was an advice to those wishing to make comments on the proposal to the Ministry for Primary Industries. The second, which is more relevant now, is our first minute, published on 31 March, which sets out how we propose to conduct the hearings process. I hope people have been able to read and make themselves familiar with these two documents.

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I should add that here is an error in the schedule of dates attached to the first minute. In the published minute 10 May is shown as a non-hearing day. In fact it is scheduled as a hearing day, so there will be three hearing days available that week.

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If you have questions about these documents and in particular about the minute, there will be an opportunity shortly to ask us about that, but otherwise you can seek help from our hearings facilitator, Louise Walker, who is seated at the table over here with the computer. As the hearing process proceeds she will be your go to person in the first instance, so make use of her.

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Over the next few weeks we will be sitting here in this venue to hear what people who have made written comments want to tell us about their views on the proposal that we're charged with examining and reporting on to the Minister for Primary Industries, who has appointed us for that purpose. During that time we will also hear from iwi representatives, and arrangements for those hearings are currently ongoing.

5 It is important for people to understand the Panel's role. The Panel is
not a decision-maker. The decision-maker in this case is the Minister
for Primary Industries. The Panel's role or task is to read all the
comments that have been made on the proposal, to listen to and assess
the views of those who have expressed a wish to be heard in support of
their comments at these public hearings, to report to the minister on
those matters and then to provide advice to the minister on whether or
not the proposal should proceed and, if so, in what form. It will be for
10 the minister to decide what to do in the light of the Panel's report and
recommendations.

15 In making its assessments and formulating its advice to the minister,
the Panel will be guided by the relevant provisions of the Resource
Management Act 1991, even though the proposed Plan change is to be
made by way of regulation rather than the first schedule process under
that Act. While the method of promulgating the Plan change is not the
usual RMA process, it is nevertheless an RMA process and the
statutory tests to be applied to Plan changes generally will apply to this
particular Plan change.

20 On the Plan change itself, the Panel is also mindful of the fact that this
change will not automatically authorise the relocation of any of the six
existing sounds farms. The Plan change will provide for a resource
consent process that will enable the Marlborough District Council to
25 consider in detail any proposals for relocation. It is the outcome of that
process that will determine finally whether any of the salmon farms
will be relocated.

30 Panel members have read and made themselves familiar with the
contents of the substantial number of technical reports that lie behind
the proposal. We are also reading in advance the comments made by
those who wish to be heard by the Panel and, as time permits, we are
also reading the rest of the comments by those who have not sought to
35 be heard. This information, together with any additional information
we gather from these public hearings, will put us in a very good
position to advise the minister on the proposal in its entirety. In
addition, yesterday Panel members took advantage of the very good
weather to take a helicopter ride over the relevant areas in the Queen
Charlotte and Pelorus Sounds to view the existing farms and the
40 proposed relocation sites and generally the surrounding area.

45 The hearings will begin this morning with a presentation by the
Ministry for Primary Industries, as the proponent of the relocation
proposal, to be followed by a presentation by the Marlborough District
Council, the body responsible for administering the Marlborough
Sounds Resource Management Plan.

These hearings are being recorded and a transcript of each day's hearing will be posted on the Ministry for Primary Industries' website at the end of each sitting week. So at the end of this week there will be a transcript - leaving aside Good Friday - on the website of this week's sittings.

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Before we hear from the two presenters scheduled to present today, is anybody else present wishing to ask us any questions? This is not an opportunity to make statements but it is an opportunity to ask us any questions about the hearing process that you may not understand.

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MR IRONSDIE: Yes, good morning, Professor Skelton and members of the Panel. My name is Julian Ironside and I represent Friends of Nelson Haven and Tasman Bay and Kenepuru and Central Sounds Residents Association. I just wondered, Professor, whether any further thought had been given to the question of expert caucusing and/or workshops and when, if at all, that might occur.

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CHAIRPERSON: Yes, thank you, Mr Ironside. We have that very firmly in mind. Right now we don't have a firm proposal for that. We need to be a bit more familiar with where the issues might lie in the areas of expertise of which, as you will understand, there are a number. But if it's necessary, we are very open to doing that and making the arrangements for caucusing with us to take place. Louise Walker will keep you advised of that.

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MR IRONSDIE: Sir, do I take it from that that will be towards the end of the hearing process?

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CHAIRPERSON: It will probably be more towards the end of the hearing than in the early stages, yes.

MR IRONSDIE: Thank you, sir.

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CHAIRPERSON: I realise there will be matters of arrangement for witnesses.

MR IRONSDIE: Logistical matters, yes.

CHAIRPERSON: Yes. I realise that and we're conscious of that and we'll do everything we can to facilitate that.

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[9.15 am]

MR IRONSDIE: Thank you, sir.

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CHAIRPERSON: Are there any other questions that anybody wants to raise with us? Very well. We propose on a daily basis to sit until about 10.30 or 11.00 am. Break for lunch for half an hour, three quarters of an hour and have a break in the afternoon. Our normal finishing time will be about 5.00 pm, although that will depend on where we have reached. It may

be earlier than that, it may be later than that. Today, if you have seen the schedule there are two presentations to be made as I mentioned earlier and we will now invite the Ministry for the Primary Industries to make its presentation to us.

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MR LEES:

Good morning, thank you very much. My presentation takes two parts. My name is Daniel Lees and I work for the Ministry for the Primary Industries and I'll be talking to you about the Crown presentation or proposal. I will also talk to you a little bit about the plan change or the regulations which take the form of a plan. Just to let people know in the audience, this presentation will be on the Ministry for the Primary Industries' website as well for anybody who wishes to peruse it.

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So the Minister for Primary Industries has sought comment on the proposal. The Minister for Primary Industries has sought comment from the community and the public on the proposal. And as you said the proposal is to amend the Marlborough Sounds Resource Management Plan using the regulation making power in sections in 360(a) and 360(b) of the Resource Management Act to enable the relocation of up to six existing salmon farms to more suitable, deeper and higher flow sites. The period for receiving written comments closed on 27 March and we received approximately 600 submissions. There are 11 consented salmon farm sites in the Marlborough Sounds and six of those sites went into the water two decades ago and they're in two shallow bays with low flows which are not ideal for modern salmon farming practices and they are also located in close proximity to populated areas. It will be difficult to implement the new Best Management Practice Benthic Guidelines at these sites. The Benthic Guidelines were developed in 2014 by local government, industry, scientists and the community and they were developed to improve the management of seafloor effects of salmon farming with an aim to implement across the industry. We see relocation to higher flow sites is being considered because it would ensure the environmental outcomes from Salmon farming are improved for implementation of the Benthic Guidelines. There's the potential to improve the social and cultural outcomes from salmon farming by creating meaningful jobs and moving salmon farms away from areas of high competing use and there's the ability to maintain or increase the economic benefits currently derived for the region from salmon farming. The proposal provides for industry growth through the more efficient use of marine farming space rather than from creating additional surface space. In short it is about better outcomes from the same surface space. Obviously the extent of benefits will depend on the number of farms relocated and the sites that they are relocated to.

5 The power for the minister responsible for aquaculture to recommend regulations to amend the Regional Coastal Plan in relation to aquaculture was introduced in 2011 as an amendment to the Resource Management Act. This was the first time the minister has considered or is considering the use of the regulation-making power. Before the minister can recommend a regulation, he has to do a number of things, including seeking comments from the public and iwi authorities on the proposal.

10 As part of that process, the minister has established his independent advisory panel to hold hearings, consider all comments received, test the available information and provide a recommendation report to the minister on the regulations. Although notification of the proposed regulations was undertaken by the Minister for Primary Industries, it is important to note that the decision to proceed was one taken by Cabinet. These proposed regulations are a Crown initiative. MPI, however, has led development of the proposal, working closely with other departments.

20 In summary, the decision to progress this proposal was made by Cabinet but it is being led by the Minister for Primary Industries. At this stage ahead of public hearings, government considers the proposal meets the requirements of the regulations. The independent panel has been established to test the case for relocation and to make recommendations to the minister.

30 Primary industries are essential to New Zealand's future social, cultural and economic growth. We have been an agricultural nation and we will continue to be an agricultural nation. But to grow sustainably, industries need to be able to adapt to changing environmental standards. Over time, community expectations, the needs for environmental improvement become clear and industries will need to adapt to ensure that we have good quality agricultural and sustainable industries into the future.

40 Relocating salmon farms to higher-flow sites could improve economic, environmental and community outcomes. Recent reports have suggested regions like Marlborough will struggle to grow in future. This increases the importance of these types of initiatives. We need vibrant regional economies. We need to diversify our regional economies and make use of their inherent assets to make them more resilient to future international shocks and recessions. Salmon farming has the potential to contribute significantly to this region's socioeconomic development. It is one of the most efficient ways to create animal protein.

To use the regulations the proposal must be consistent with the Government's policy for aquaculture. I'll just go through the policy quickly. The first one is to:

5 "Recognise the significant existing and potential contribution of aquaculture to the social, cultural and economic wellbeing of people in the communities."

10 That's exactly what this proposal is about. It's testing whether a proposal to relocate up to six farms would result in benefits for the communities.

15 "Including in regional policy statements and regional provisions for aquaculture activities in appropriate places in the coastal environment, recognising that relevant considerations may include: (1) the need for high water quality for aquaculture activities; and (2) the need for land-based facilities associated with marine farming; (b) taking account of the social and economic benefits of aquaculture, including any available assessments of national and regional economic benefits; and
20 (c) ensuring that development in the coastal environment does not make water quality unfit for aquaculture activities in areas approved for growing; to support well-planned and sustainable aquaculture growth; to improve productivity while reducing environmental impacts [which is very pertinent to this proposal]; to support aquaculture development regionally."
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30 Just some other matters we wanted ensure you were aware of. The proposed regulations are looking to address most RMA matters at the Plan stage. There will be less matters available so restricted discretionary at the resource consent stage because the idea is that we wish to address as much of the matters of pertinence as we can of the Plan, but just to be aware that it does reduce the amount of people's input at the consent stage, potentially, the proposal, and that this is the place that the community has an opportunity to be heard.
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40 There is also the Fisheries Act test. If the regulations go through in full or in part or not at all, at the consent stage the council has to apply to the Ministry of Primary Industries to undertake the undue adverse effects test on fishing. That test looks purely at the effects on the activities of customary fishing, recreational fishing and commercial fishing. Where the information and the decision-maker determines and undue adverse effect on recreational fishing or on customary fishing, then those consents cannot proceed. Where the ministry determined and undue adverse effect on commercial fishing, the law provides for
45 an arbitration process.

5 Finally, through consultation a lot of people have talked about the industry not paying for the use of public coastal space and it has been raised quite a lot. I just wanted to say that the Crown and industry strongly support the proposal, the introduction of coastal occupation charges in the proposed Marlborough Environment Plan. So for industry, for government, we do see coastal occupation charges for aquaculture as an important step moving forward, to ensure that they are paying appropriately for the use of public space but also because that money can then be put into better planning and better environmental monitoring into the future.

10 This diagram is a summary of the whole proposal. I think the first thing to say is that we know a lot more about salmon farming than we even did five years ago. Subsequent to the board of inquiry EPA case, we have learned a lot. We've developed with the community, with councils and with international scientist and regional scientists, the benthic standards of how we want to manage the seabeds in Marlborough. We have worked really hard and built new hydrodynamic models, and these weren't available at the time of the EPA case. They are better models for looking at how salmon farming might affect water quality. Obviously we are continuing to see periods of increasing sea temperature, and I'll talk about that in more detail.

25 But what we see is the potential benefits of high-flow sites is obviously reduced seafloor impacts, better managed water quality, because what we're proposing through this system is a more consistent approach to monitoring. Improved fish health and resilience and husbandry, and I'll come on to that later in my presentation. Opportunities for improved biosecurity management and also all salmon farms would meet the same standards or best management practices. One of the things we're very keen on is to ensure improved monitoring and adaptive management as part of this process.

35 In terms of better community outcomes, we've got farms moved out of the Queen Charlotte Sound, potentially. We have improved visual effects. A lot of the six farms out there are currently at the end of their lives and the modern farms are a lot less visually intrusive. We would like to see a coastal occupation charge or levy introduced. As I said, we support the council's proposal. For us, farms would be moved away from populated bays, and I'll talk about that more later in the presentation. What we want over all is improved community confidence, better environmental outcomes and employment opportunities and a more resilient and profitable industry.

5 One of the key things for us is to try to get consistent consent conditions. Some of these farms went into the water -- I think the oldest one now is 30 years old and the conditions on the consent are very different to what we would expect today from a modern farm. We would like to see more consistent monitoring, and obviously from that comes more consistent management.

10 I'll talk about the last line in another slide later, but I think even if these farms do move we don't see that as an endpoint. I think it's very important to us that we see continual environmental improvement over time as technologies change.

[9.30 am]

15 Again, summarising some of the benefits: better sustainable outcomes. We want to see all 11 consented farms in Marlborough meeting best environmental practice. Reduce seafloor effects through the implementation of the benthic standards. Better management and monitoring of water quality. Improved fish health husbandry and greater resilience to disease and rising sea temperatures. Opportunity to improve management of biosecurity risk and improved environmental monitoring staged development and adaptive management.

25 Potential better community outcomes. Farms moved out of areas of high recreational use and amenity, or higher recreational use and amenity. Improved visual effects from more low-profile structures and recessive colours. Farms moved away from populated bays, reducing noise, lights and disturbance. Meaningful jobs and employment opportunities for Marlborough and the top of the South Island.

30 In terms of improved economic outcomes, the relocated farms could produce \$49 million annually to GDP and up to 511 fulltime-equivalent jobs. These economic gains, however, would occur over 10 - 15 years as the sites are relocated and then developed in stages. These values are based on all six farms relocating and obviously will be different depending on the numbers.

40 What happens if we don't relocate the farms? If relocations does not proceed, NZ King Salmon is committed to improving environmental management by implementing the benefit guidelines. This would require -- because these six farms currently don't meet -- the ones that are operating don't meet the standards. This would require initial fallowing of the four operative low-flow farms for two to five years to allow the seabed to recover before recommencing production at reduced stocking levels. It's important to note of the six farms four are operative at this time but two of the lower-flow farms at Crail Bay have not been farmed since 2011.

5 Over the following period it is estimated \$10 million GDP per annum and 105 fulltime-equivalent employees would be lost. So for the following period of two to five years we would lose \$10 million to gross domestic product and 105 FTEs. Once following is complete, the scientists say that they can begin to restock the sites with fish but the problem is there is uncertainty about discharge will maintain these sites below the thresholds that they have to achieve under the benthic standards.

10 We've therefore provided two scenarios. Under modelled minimum potential feed levels, all four of the currently operative lower-flow sites would become commercially unviable - that's Ruakaka, Waihinau, Forsyth and Otanerau, - resulting in a continued loss, a sustained loss, 15 of \$10 million GDP and 105 FTEs. What we're saying is that as a worst-case scenario these farms will not be economically viable into the future, meaning the loss of \$10 million to the region and 105 jobs would be permanent.

20 Under the modelled maximum potential feed levels, three of the four sites - Waihinau, Forsyth and Otanerau - would remain commercially viable at reduced production levels. Reduced production levels at these three sites is estimated to result in an ongoing loss, after the following 25 period, of \$3.6 million and 38 FTEs, or jobs.

30 In looking at relocation, we did consider a range of alternative opportunities to achieve the benthic standards. We looked at offshore farming, and I think for New Zealand and around the world there is a great deal of interest if we can move salmon farms offshore. The problem is that New Zealand is located in the roaring 40s and we do have waves that are very, very large. In the time we've been doing this work in the last couple of years, in Pegasus Bay off Christchurch there's an offshore farm and we've had two 11-metre waves across the site. So you have to have very, very good engineering to hold them into these 35 types of seas. There's also potential implications for the health of the fish in such high seas.

40 As I said, offshore technology is being investigated worldwide. It isn't just us looking at it. Norway, Canada, all of the countries who have a vision for fish farming, are looking at offshore technology. The reason is that for many places we are getting close to capacity and we see that offshore is a place where potentially the industry could grow into the future away from the areas that people value the most.

5 In New Zealand we have a project already underway looking at
offshore net technology. These are nets that stay open that are moved
along by trawling boats and you could grow the fish in the nets
potentially. We haven't cracked that yet and it's probably a good five
10 to ten years before we have any progress. We also have an alternative
which is from the New Zealand Heavy Engineering Institute and they
are developing a proposal which will come to the government's
Primary Growth Partnership, which is a fund where government shares
costs of future research with companies. That's coming from the Heavy
15 Engineering Institute, a consortium of engineering companies and
salmon aquaculture companies. That's looking at a heavy engineering
solution to develop a large offshore cage, obviously a cage that can
survive high seas. It would be a cage that would be semi-autonomous
and a cage that you would leave out there for two to three days, while
20 monitoring, to grow the fish in them. The hope is that offshore farming
will be viable in maybe 10 - 15 years. That's our goal. But as I said,
around the world there's an awful lot of experimentation, there's an
awful lot of speculation but we haven't got a cage yet for New Zealand
that we would see as economic at this time but we are very hopeful and
we believe it will probably be 10 - 15 years away.

25 We looked at land-based farming, we looked in our natural rivers. You
may already be aware that we grow salmon in the hydro canals down
south and we grow them really well. The issue for us is that even the
hydro canals start as natural rivers and they end as natural rivers and
there are nitrogen limits now being placed on to these areas. We've
30 looked at a range of our rivers but our rivers generally have high flows
and then very low flows and they also flood at times, so we've been
unable to find a good fresh water source.

35 One of the things we will be looking at into the future is potentially
looking at irrigation. As we build irrigation we could potentially use
that to farm fish because there's a good supply of water and potentially
nutrients from fish farming could go on to paddocks where we probably
would like those nutrients to be. But at this stage you can have land-
40 based farms that are totally recirculating. So you put the water in, you
recirculate it and you filter it, but they are very expensive, particularly
at the scales that we are looking at. There are a few around the world
but we're not aware of any that have been particularly successful at this
stage.

Two other alternatives. One of the things we'll be looking at is whether -- when you farm salmon obviously waste falls to the seafloor. Could you capture that waste before it hits the seafloor or could you remove it from the seafloor? Initial experimentation has been occurring on both of these ideas. The Cawthron Institute over the last three years has done a range of work looking at how you could remediate seafloor effects. They've looked at raking the seafloor, the idea being you increase the surface area and oxygen gets in and helps maintain the sediments. They have looked at removal of sediments as well and there's a project likely to be going ahead that is looking at the use of suction to take sediments off the seafloor. I'll talk about whether that's a useful thing in a minute, but the research is still only at its provisional stages.

In terms of waste catcher, there is a great deal of interest in this. It's still not economically viable or proven. We had Professor Kenny Black from Stirling University provide a report, but it's something that we would like to see increasingly into the future.

The other thing is improved feed efficiency. All of the research on feed efficiency has occurred in Atlantic salmon, and obviously the more efficiency you can turn feed into fish, the less feed you have to put into the sea to get a tonne of fish. In Atlantic salmon the ration conversion is one tonne of feed to one tonne of fish almost now. It's quite incredible. Almost. For chinook salmon - we grow chinook salmon - it's still slightly higher. Chinook salmon is an oilier fish and it won't ever be able to convert quite as well as Atlantic salmon but it is the one that we crown in New Zealand but there is now a multi-million dollar project looking at feed efficiency in chinook salmon. That's being conducted by the coastal occupation charge with the key salmon farmers in New Zealand. The goal of the work is to see if they can a 5 per cent to 10 per cent improvement in the next decade or so and that would be a very good outcome for us.

Both these projects - waste capture and improved feed efficiency - for us are more around continued environmental improvement rather than a solution at the current time. One of the things we've done with the proposed regulations is we'd like to see the Plan, and the Plan proposal has it in it, that as these technologies come on line they are required to be adopted.

5 What we're talking about is a process of adaptation. We've got six sites
that were put into lower-flow bays close to people. Those bays haven't
got the flows that you'd want for modern salmon-farming practice and
they're close to people and they're warming up with sea temperature
rises. We think we should move those farms to get some good
outcomes, but obviously we're moving them out into the sounds and
although you're getting better environmental outcomes at that point,
these are still places that people value. What we see is that the third
10 adaptation obviously has to come in 10 - 15 years' time where we
looking at the viability and economic viability of offshore aquaculture
as an alternatives.

15 Offshore aquaculture isn't the panacea. It doesn't remove farms from
the sounds necessarily. You still need farms in the inshore as well as
the offshore. They operate in tandem. When you put fish into the water
they would have to go into inshore farms just because of the climate
nature. You could then farm them in offshore farms but you would
need to bring them back in for harvest as well into the inshore areas.

20 Through these three adaptations obviously we want to see reduced
competition with other users and costal values. It would be useful to
see remediation of some of the vacated sites, and I'll talk about that
shortly. Obviously we've developed benthic standards for how we
want to manage effects on the seafloor, but in going forward we also
25 want to develop water quality standards and there needs to be ongoing
research into waste capture, feed efficiency and potentially new
species.

30 The sites that we've chosen we believe are suitable for salmon farming
and suitable for a good time but there will come a time potentially in
New Zealand, because salmon in Marlborough is right at its
temperature range, that other species may need to be farmed instead,
and there's a range of species under consideration: hāpuka, kingfish and
snapper, just to name a few.

35 But we also want to see continued improving environmental
performance monitoring. Obviously environmental performance is
very important for the international reputation. Norway produces over
a million tonnes of salmon a year. We currently produce between
40 10,000 - 12,000 tonnes of chinook salmon. Our salmon occupies a
slightly different market, which is great, so it does sort of separate it
out in the marketplace, but reputation is everything. For the industry
and for New Zealand the reputation of our agricultural industries is
important for the future.

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Obviously we want to improve economic performance. We're an agricultural nation and we need to grow, but also husbandry will be improved at the better flow sites. It's interesting some of the submissions from the workers at King Salmon, they say you can very quickly tell the quality of salmon from a high-flow site versus the quality of a salmon from a slow-flow site. They're very, very different. Climate change, obviously, resilience, and I'll be talking to you again about biosecurity as well because we're finding we've had mortalities on these slower-flow sites.

So this is more of a vision. It's about continual improvement, it's about looking at opportunities to continually improve environmental performance through waste capture, through feed efficiency but also recognising that the growth of the industry in all jurisdictions around the world is probably going to need to start to look at offshore. But our technology unfortunately is probably not quite there and would be at least 10 - 15 years away if viable.

This is a pretty verbose slide. How were they chosen? Over the last years we have looked very hard for salmon in the Marlborough Sounds. We've gone over 100 sites, we've undertaken dive surveys and we've looked at constraints mapping of people's uses, the environment, biophysical nature, landscape, natural character and a range of social and cultural values. We've gone extensively through the sounds. Even though the sounds is a really big piece of water when you look at it, there's actually very few places that will support a salmon farm meeting the RMA, but also biophysically a good place to grow salmon. That's what we've been hunting for. We've been hunting for somewhere that is good to grow salmon and somewhere that also hopefully has the least impacts possible on the community.

We also established the Marlborough Salmon Working Group and they looked at nine sites over a five-month period. Three of the sites of the nine we rejected. They were all in Tory Channel primarily. The reason they were rejected was because they were over ecologically important habitats or they were issues of navigation with the ferries. As you know, the Tory Channel is a very busy waterway and you've got to be careful how you locate farms in that waterway. Surprisingly, it's also an ecologically quite important waterway as well. So although we were looking to more farms in the Tory Channel, we've only found one that at this stage appears appropriate and that's at Tio Point. Three potential sites were suitable to proceed, the group agreed, to consultation. That was the Horseshoe Bay and the Richmond South, which are the sites more in the middle of Pelorus Sound and also Tio Point that I just mentioned in Tory Channel.

[9.45 am]

5 The group had split views about Blowhole Point North, Blowhole Point South and the Waitata Mid-Channel, whether they should proceed to consultation. Those are the three sites located more into the outer sounds. The minister accepted that we were going to reject three of the nine sites and that was okay, but he decided that he wished to seek comment on the remaining six.

10 One thing that's important to point out is advances in cage technology and the use of circular pens has allowed consideration of more exposed sites than were proposed at the board of inquiry in 2013. You'll note some of these sites at Blowhole Point, the Mid-Waitata Channel are in more exposed locations than we probably would have even looked at five years ago. They will use very different cage designs. The current cages are square structures, quite visible. These would use polar circles. They're called polar circles; they're circular cages that are a lot lower profile but I'll come on to that in a minute.

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20 What our work does show in all of this, when we have hunted hard, is that the opportunities for growth beyond these six sites are limited. The fact that we're only taking forward six relocation sites for six potential farms shows that we didn't have a lot of other opportunities at this stage. For us it's likely that any future growth predominantly in Marlborough is going to need to occur offshore just because of these constraints.

25 In this part of the presentation I'm going to go through some of the key issues. Obviously the first one is what happens to the sites if they are relocated, what happens to the existing sites that have been vacated. For us, if farms are relocated, the consents for the vacated sites would be relinquished. We didn't want an increase of aquaculture space out of this initiative, and they will be prohibited to aquaculture.

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35 There is one difference. There's a site in Crail Bay which has an underlying mussel farm consent owned by a different company, so there are two consents for one of those sites, and that mussel farm we are proposing would remain. We have asked the question of the public whether they wanted any of the other sites to remain, not for salmon farming but for mussel farming, but over all our proposal is to remove all of the sites apart from that one at Crail Bay which would be left just as a mussel farm.

5 How quickly do they recover? The seafloor is damaged; how quickly
does it recover? Research conducted internationally and by the
Cawthron Institute actually in the Marlborough Sounds shows that the
seafloor beneath the vacated sites will recover to a functional state in
10 five years and fully recover in ten. What we mean by a functional state
in five years is that it will do all of the ecological processes that a
normal site would do, it just may be colonised by slightly different
groupings of species, and some of that colonisation relates to when the
site was first fallowed and the species that occupy it. But within ten
years you'd expect to see it back to a normal state.

15 The Cawthron Institute also has done research around these sites and
in fallowing sites. Sometimes the sites are fallow for a number of years
and it's part of that research. That shows that within one year fish
species return to feed on the abundant polychaete worms living in the
enriched sediment. After a year it kind of becomes an area that fish get
20 attracted because there are lots of worms living in the enriched
sediment. Within two to three years you really couldn't tell the
difference unless you were a scientist. Within five years it's sort of
back to a functional state and within ten years it should be fully
recovered.

25 I did mention the trials seeing whether we could suck the seafloor to
remediate quicker. This issue is that this research will happen but we
don't know yet whether taking off the sediment and all the creatures in
it by sucking will actually increase the speed of recovery or slow the
speed of recovery. Those experiments will be underway but if we do
30 find that they are appropriate, King Salmon's current resource consents
for the existing sites do require they look at seafloor remediation if
those consents are surrendered and we will be looking at that as well.

35 Another key issue is obviously achieving the benthic standards. All six
relocation sites, the proposed new sites, can be farmed to meet the
benthic standards. You'll probably hear throughout this process a lot
about what the benthic standards mean, but there's a cut-off, and it's
enrichment scale 5. This is all based on NIWA depositional modelling.
NIWA has looked at how many fish could be grown at these sites and
40 it's looked at the nature of the seafloor, the depth of the site and the
currents and worked out how many fish you could grow - and obviously
to grow the fish you have to feed them - and what discharges would
meet the environmental thresholds that the community and we want to
achieve.

5 One of the things is that the farms will be monitored and adapted and managed adaptively in accordance with the standards. The benthic standards do set out how farms will be monitored to ensure they maintain those standards. Farms will not relocate for at least two years. For King Salmon to invest in a new site and all the new structures is quite large, so even if the decision is to remove any of the sites, you wouldn't see the first farms move for a couple of years. The good thing about that is it does provide time to develop a baseline, and monitoring equipment would be put out at the sites to make sure that they had the baseline ready to see if the benthic standards could be achieved or were being achieved in the long term. But also where there are any adjacent reefs or onshore habitats, monitoring equipment could go out on those too.

15 Because of the stronger currents and greater depth, the size of the deposition footprints are larger than under the current farms but the effects are more diffuse. Deposition footprints are predominantly located over common sediments and communities. A number of reefs are present in the outer edges of the footprints at maximum discharges but deposition is low. Monitoring of existing high-flow sites shows little impact on reefs.

25 Farming at the higher flow and deeper sites would enable an increase of salmon production within the benthic standards. This is a really important point. The proposal is to relocate sites but also if you are at these sites, because you can have more deposition and still meet the Benthic Guidelines, you can increase production, and we'll talk about that in a minute. The Crown considers increased production should be enabled providing it can be managed sustainably. Increased production will also affect water quality, so you do have seabed effects but you also have nutrient streams that can affect the water quality, and obviously where same-stage adaptive management would be required as well to meet that. I'll come into more detail in a moment.

35 Water quality. As I said, NIWA's deposition model suggests discharges and production could increase at the higher-flow relocation sites while still operating within the benthic standards. The current feed levels from the existing six sites are about 3,600 tonnes per annum. This could theoretically increase to 24,600 tonnes if all sites are relocated. So theoretically you could have a large increase in the nutrient streams into the Marlborough Sounds.

5 These additional nutrient streams need to be considered on top of the
discharges from the other salmon farms. In considering nutrients you
have to consider what the discharges would be from the farms you
relocate and you have to consider what the discharges would be from
the other farms that are in existence. We also have to consider that
some of those farms are developed but some of them are still under
stage development from the decisions from the board of inquiry EPA
case. We also need to consider natural sources of nutrients. Nutrients
10 come down the rivers into the sounds, they come out the sediments of
the sounds and they also come from upwellings in the Cook Strait.

15 As I said, one of the key things that has occurred since the EPA board
of Inquiry is the development of new models by NIWA. These were
jointly funded by the council and by MPI. These models were not
available at the time of the EPA board, and the models have been
reviewed extensively. They are world leading; they meet world best
practice.

20 Using the new models, NIWA has looked at a range of scenarios,
including the maximum discharges from all the salmon farms in
Pelorus Sound, in Queen Charlotte Sound, Tory Channel, and those
results have also been extensively investigated. At maximum
discharges, modelling for both sounds found the absolute and relative
25 concentration increase of phytoplankton are small, ore would be small,
relative to present-day standing stocks and relative to historical
seasonal and inter-annual fluctuations. If you've ever farmed mussels
in the sounds, some years are great and some years aren't so great, and
there are natural variations in nutrient input into the sounds and
upwellings in the sounds and phytoplankton growth in the sounds.
30 Ammonia would remain low below toxic levels even close to the
boundaries of sites.

35 So even at full production and modelling a worst-case scenario, that's
the conclusion that NIWA have come to. Modelling suggests it is also
unlikely that farm relocation and expansion will meaningfully change
the frequency or magnitude of algal blooms, and that includes toxic
algal blooms.

40 Concerns have been made about Tory Channel where blooms occur
naturally in some side bays - Onapua Bay and the Grove Arm in the
Queen Charlotte Sound - and we would want to ensure, if we move
forward, that regular monitoring occurs. But it's important to note that
we do monitoring already for all of the farms for food safety and they
obviously look at the occurrences of algae and toxic algae. We have a
45 good baseline to see if the occurrences of blooms increase.

5 This provides a very quick summary of it all. I don't know if you know
a lot about plankton, but what happens is in the winter there's lots of
nutrients but there isn't much light, and light is a limiting factor on
plankton growth. In the summer there's lots of light and the plankton
grow well and they make use of the all the nutrients. So what we find
in winter is phytoplankton growth is likely in both sounds to be limited
because of light. Thus, little of the nutrient from the fish farm is
quickly incorporated into living matter. Instead it spreads through the
10 sound and out into the Cook Strait as inorganic nutrients. Standing
stocks of phytoplankton and zooplankton and inorganic detritus would
change by less than 1 per cent relative to the present situation. This is
based on the worst case.

15 In Pelorus in summer, this is when plankton grown because they're not
light-limited. Growth is no longer light-limited; the nutrient from the
fish farm is quickly consumed by phytoplankton. Standing stocks of
phytoplankton and zooplankton - phytoplankton are the small plants in
the sea and zooplankton are the small animals - and organic detritus
increase through the sounds, especially the inner parts of the sounds.
20 But the standing stock of phytoplankton is predicted to increase by only
2 per cent and the standing stock of zooplankton is predicted to increase
by up to 6 per cent.

25 In Queen Charlotte in the summer, the largest change in phytoplankton
abundance will tend to occur in the Onapua Bay and the Grove Arm.
The rest of the sound will be less. Phytoplankton concentrations in
Grove Arm and Onapua Bay may increase by 1 per cent to 6 per cent
relative to baseline, and harmful algal blooms could occur in Onapua
30 Bay at times and monitoring is already in place. I guess my message
here is we've modelled a really worst-case scenario and there's no way
we want to go close to that worst-case scenario. The model suggests
that it could be okay but we want to start a lot more conservatively.

35 **[10.00 am]**

CHAIRPERSON: By worst case, do you mean the six salmon farms?

MR LEES: Yes. The worst case is all of the existing salmon farms in full
40 production.

CHAIRPERSON: And the existing?

MR LEES: And the new ones being relocated, the six being relocated and allowed
to reach their maximum discharges. We modelled it and the models
45 show that it could be okay but we think we need to look at it more
carefully.

5 As you know, all models are predictive based on assumptions and should be used as a guide to decision-making only. Models are not perfect. The Marlborough Sounds is also a complex system and there are a range of influences on water quality, including the Cook Strait and the rivers and a range of events that annually change what you can expect to see as outcomes in the Marlborough Sounds.

10 The expert reviewers agree that we should be cautious and that monitoring and stage-adaptive management is required and would be prudent. Nitrogen is open to adaptive management because the effects are reversible. Staged development for the six relocation sites would start at discharges closer to what the environment has experienced and about half the maximum potential feed input.

15 The next little bit is a chart. It shows you where we would start the initial feed discharge, and we can talk about more of this when Frances talks about the Plan, but we would start with the farms around 12,750 tonnes. Feed increases can only occur every three years and only if water quality standards and benthic standards are met based on monitoring.

20 Obviously we're monitoring two key things here. We're monitoring to make sure the seafloor meets the standards and doesn't breach the standards and obviously we want to make sure the water quality is good as well. The indications from all the scientists is it's likely to be that the seafloor is the limiting factor, not nitrogen and water quality. When I say that, the sites are likely to reach their limits because of seafloor effects and not meeting the guidelines than they are because of plankton. But as I said, it's likely to take 10 - 15 years to develop fully, so you would develop in quite conservative stages over a 10 - 15 years period.

35 New Zealand King Salmon will be required to provide advanced real-time monitoring buoys. These, alongside current water-sampling methods, will be used to monitoring near farm and far field effects and the occurrence of any plankton blooms. We have really great technology now for monitoring. At the moment monitoring in the sounds around the salmon farms occurs once a week or once a month or once every three months. These new buoys will take monitoring results every day. They can monitor all sorts of things: temperature, salinity, turbidity, clarity, all sorts of things. So they are great tools but they are a new tool and so we wouldn't trust the new tool straightaway until it has been proven. We would still do the normal sampling that occurs around salmon farming, which is fairly much taking samples of water and actually measuring nitrogen in those samples of water.

5 The final monitoring programme will be determined by expert workshops and obviously it will have to be determined by the final relocation proposal and the sites that get moved. In addition, once we get a final proposal or there is a final proposal, we would want to rerun all of the models again to make sure that the final proposal was okay and to make sure that we developed a baseline from which development could occur and monitoring could occur.

10 Just out of interest, you look at all the issues that people debate in Marlborough and a lot of them is because we haven't got a really good state of the environment monitoring. It's a similar thing across the country. The one good thing about these buoys is that they will also contribute to better understanding of a range of other management issues and factors that we need to take into account on the coast.

15 As I said, we've developed standards for the benthic standards. That was a long process; it took a year. It was developed with scientists, international scientists, the community, a range of stakeholders. We do think that we need to develop water quality standards as well to guide the growth. What we're suggesting is that the farms would start at these feed discharges but further development would not occur until the water quality standards are finalised and the consent conditions in the Plan, the regulation proposal, would ensure that those new standards were adopted by the consents. All of this stuff is quite multidisciplinary and NIWA has provided a lot of the work and Cawthron has provided a lot of the work and both are available to present to the Panel if required.

20
25
30 If I can surmise, moving to the relocation sites within the benthic standards could result in a significant increase in production, but that production will affect water quality. We've modelled water quality to the worst-case scenarios and the models seem to suggest that the changes might be acceptable, but a model is a model. It's a guide to decision-making only and we would want to do staged development and start at a lower level to ensure that the environmental effects of salmon farming are appropriately monitored and managed.

35
40 As I said, there are two issues. One is making sure the seafloor is okay and meets the benthic standards and the other is to make sure that the water quality is okay. We have a starting position that the farms would commence at, but into the future we think there needs to be a set of key standards for water quality developed in the Marlborough Sounds by scientists, which guide would future staged development.

5 Biosecurity. Biosecurity is in two parts. One is pests, creatures that will be moved around by aquaculture, and the other one is diseases. The Cawthron Institute assessment of environmental pests concluded that relocating farms is unlikely to influence the long-term distribution of impact and marine pests. Basically you've got six farms in one location. Moving them to the relocation sites if not likely to change biosecurity risk.

10 DigsFish AEE on disease concluded that moving farms to deeper higher-flow sites, combined with effective on-farm biosecurity management would decrease the likelihood of biological risks impacting farm operations and adverse effects on the aquatic environment from pests and diseases and would improve salmon health and resilience to warming sea temperatures from climate change.

15 The reason we're worried about biosecurity is because in 2015 we had higher than usual numbers of fish deaths occur at some of the Marlborough farms. It's likely that the increased death rates are due to a range of factors. This was a prolonged period of warm weather but there are also some viruses likely to be involved. Obviously there are factors, including environmental factors, like water temperature, farm management practices, and exposure to salmon to bacterial infection. And in 2016, despite equally high water temperatures, normal survival rates were achieved as production switched to a site with higher flows of oxygenated water. So I'll come on to the details, but what we found is that the low-flow sites -- and we think it is due to the fish not being as healthy because of the temperatures and the lower flows, where they saw mortalities at their sites, and those mortalities were not observed at the higher-flow sites in the sounds.

30 So, two bacteria have been detected in samples from salmon. There's a Rickettsia-like organism, which is an unwanted organism to New Zealand, and a Tenacibaculum maritimum. Sorry, I can't pronounce that one very well.

35 CHAIRPERSON: Good try.

40 MR LEES: Yes. The Rickettsia-like organisms are intracellular bacteria. They can be harmless, but do cause disease and death. The other bacteria causes skin lesions. So, what we found with both bacteria is they didn't cause mortalities in fish that were healthy in the fast-flow sites, but they did cause mortalities in the fish in the low-flow sites in combination with other environmental factors.

45 So, we've talked about the benefits, but potentially moving the fish from low-flow sites to higher-flow sites, they're going to be healthier, and that will make them more resilient to bacteria and also climate change issues.

5 No causal relationship has been established between the bacterial
infection and mortality, and neither bacteria pose a risk to human
health. The Rickettsia-like organisms are the only salmon pathogen in
New Zealand requiring a risk management measure. Now, Rickettsia
occurs all over the world. The one that we have is more similar to the
one in Tasmania. In Chile they have a different variety, and that has
caused significant mortalities and problems for the industry, but our
one seems to be more benign. It seems to attack fish when they are not
10 well or happy in the environment.

15 A resource consent condition for each farm would require a biosecurity
management plan to be implemented. They do have biosecurity
management plans at the moment, but I think there are improvements
that can be made. Biosecurity isn't just a matter for a farm or a sound.
It's actually a matter for a national plan, because salmon are moved
when they are young from different areas of New Zealand and come
into the sounds and vice versa. You need a plan that is developed by
the whole industry for how they're going to manage salmon risks. For
20 us, a biosecurity plan is great, but you need to make sure that people
are actually using it, and the rules and the plan require that it is audited
independently on an annual basis. And as I said, Aquaculture New
Zealand is developing a salmon industry standard for the whole country
which will be adopted.

25 So, there have been some mortalities in the Marlborough Sounds. We
looked at it initially in 2013 when it occurred and we couldn't detect
any bacteria, but the technology has changed since 2013, and when we
went back in later on and looked again, we found from all the samples
30 that there were two of these bacteria in them. These bacteria don't seem
to be causing mortality in fish in high-flow sites, but mortalities are
occurring in low-flow sites, and that shows you some of the issues
about being in too-slow currents. Obviously fish need oxygen. Too-
shallow sites, where nutrients are close to the fish on the sea floor, and
35 also higher-flow sites are likely to be cooler, and these occur during
unusually prolonged periods of high water temperatures.

40 In moving forward, you've obviously got to have your biosecurity
plans, and they will be required to be independently audited and they
will also be connected in to a national plan about how salmon is
managed in New Zealand, rather than just in the Marlborough Sounds
or just in a bay.

5 Now, the next big issue is the endangered King shags. There's been a
number of court cases recently where farms have been declined
because of the cumulative effect on King shag populations. Therefore,
we need to take the potential impacts of relocation on King shags very
seriously. Now, NIWA did the assessment of environmental effects on
10 this matter, and they concluded the relocation proposal would have a
negligible effect on seabirds. But, as I said, we've got to make sure we
give special consideration to King shags because of this endangered
nature, because of the population size, which is in the realm of 800
individuals. And when you have a population less than 1,000, you have
to be very careful because of the genetic implications of any further
reductions.

15 Now, the existing sites are located within the preferred feeding depth
of King shags, being 20 - 40 metres. Shags internationally are the most
inefficient fliers in the world of birds. They are, however, good
swimmers, but what they tend to do is they tend to not travel very far,
and they tend to dive, if they can, in shallower depths. Now, there are
20 ones that will dive deeper and there are ones that dive shallower, but
the majority feed within 20 - 40 metres. The relocation sites are located
in deeper water, with the majority of the pen sites in water greater than
50 metres deep.

[10.15 am]

25 Removal of salmon farms in the existing sites, therefore, will return
more suitable foraging areas for King shags. The structures at the
relocation sites also occupy 1 hectare less space - well, it is actually
0.92 hectares less space - than the existing sites. So I guess what we're
30 saying is only one-third of the potential consented area at the relocation
sites is in the preferred depths for King shag foraging, whereas all the
consented area at the existing sites is.

35 But there is a risk. If an existing site has not recovered before the new
site is developed, that foraging area could be reduced. You've got two
sites: one recovering and one operating at the same time. You could
actually have a double effect. How quickly the sites recover is very
important. So the Cawthron Institute's seabed recovery studies found
40 that the main prey species of King shags, such as witch flounder, opal
fish, triple fins and jock stewart, and lemon sole, are likely returned to
the vacated sites within one year. The reason that occurs is because, as
the sites begin to be processed, the numbers of polychaete worms in
the sediments increase, and they are good food for fish. So, to avoid
45 this risk happening of two sites operating at once, the lower-flow sites
will be fallowed for at least one year prior to relocation. This allows
the prey species of King shags to return and avoids two foraging area
sites being impacted simultaneously.

5 So, access to feeding area is really important, and the plan would be to
minimise the effects on King shags by moving sites carefully so there
aren't two sites that are affected, and also to move them into deeper
water outside of the preferred habitat of King shags. Obviously the
shallower areas of 0 - 40 metres is where most of the cumulative effects
of aquaculture growth have occurred to date, and there has been little
development into these deeper areas. There has also been mention that
the female King shags may utilise the shallower depths as well because
of the fact that they are smaller and cannot dive as deeply.

10 Right. Another issue is disturbance and noise. They nest on rocks
around Marlborough Sounds, and one of the key concerns is that
aquaculture activities would disturb their nesting and populations. So
the existing farms are located 3.5 - 8 kilometres from Duffer's Reef
15 colony, and that's the colony in the outer Pelorus Sound, the most
closely located. The relocation sites range from 3 - 12 kilometres away,
so the change in distance if all sites were relocated is considered to be
neutral. And in terms of noise and activity disturbance, the assessment
of environmental effects considers this to be negligible.

20 So, overall, the assessment of environmental effects concluded that he
relocation proposal would have a negligible effect on King shags.
However, any development would need to be carefully planned and
staged and monitored to avoid those adverse effects.

25 Now, the board of inquiry did establish a King shag management plan,
and it was developed by experts, and it is in place for the existing farms.
And that monitors the King shag population every two years. If this
proposal was to go ahead, we would want to move the monitoring of
30 King shags to annually, and we would want to be monitoring twice a
year, once for a population count and once to ensure over the breeding
season that we had an idea of the number of breeding birds. So, you
can affect a population in two ways. You can affect it by reducing its
population, but you can more importantly affect it by reducing the
35 breeding success of the colonies. So, even though the proposal we
believe, because we're moving sites, because we're going to deeper
water, because we want to ensure that sites are fallowed and recovered
before they are relocated, would only have minimal effects, if effects
at all, we still want to ensure good population management and
40 monitoring. The EPA put in place a management plan, but there are
certain improvements that could definitely be made. The EPA plan
monitors every two years. We think that should become annually, and
we also think, in addition to total population, we need to look at
breeding birds.

5 Okay. Landscape and natural character. So, the Crown is highly
conscious of the requirements of the New Zealand Coastal Policy
Statement to avoid adverse effects on outstanding landscapes, natural
character and features, as required by the New Zealand Coastal Policy
Statement. Relocation needs to be sensitive to the values and
cumulative effects, particularly in the Waitata Reach. A view has been
expressed that the board of inquiry and potentially subsequent
Environment Court cases have set a threshold, and no more farms can
10 go into the Waitata Reach. The Crown disagrees, and our legal advice
is publicly on the Ministry of Primary Industries' websites.

CHAIRPERSON: That was the material that was put up last week, was it?

15 MR LEES: Yes. I think it was due to have gone up on Friday.

CHAIRPERSON: Yes, so it's available for --

MR LEES: For everybody.

20 CHAIRPERSON: -- people to read on the website now.

MR LEES: Yes. There are three pieces of legal advice. There's the Crown's legal
advice.

25 CHAIRPERSON: Sorry?

MR LEES: Sorry, there are three pieces of legal advice. There's the Crown's,
there's advice from Julian Ironside, and there is advice from Quentin
Davies from a King Salmon perspective, and they're all there to make
30 sure that everybody can see the full picture.

CHAIRPERSON: Thank you.

MR LEES: The sites that we've chosen, being very conscious of outstanding
35 landscapes, were chosen to avoid adverse effects on these areas, and
we've tried to place farms in areas of existing farm development. So,
like Blowhole Point North, the site there, Blowhole Point South, that's
an outstanding feature. We have placed the farms offshore of existing
mussel farms. The farms declined by the board of inquiry were more
40 in undeveloped parts of the coast, and we've tried to concentrate our
farms into more developed areas.

Obviously the exception is the Waitata mid-channel site, which is in a new area, and it's a new thing for salmon farming in New Zealand to put them in the middle. It's commonly done in Norway and places like that, and Tasmania has looked at these types of things, but the key to this is that, ecologically, it's the best place for a salmon farm, right in the middle. It's the deepest water. It's totally outside the feeding range of King shags. But you have to be very conscious that it's something new and it's something that can be seen, and so they would use the circular, low-profile cages, and also a specially designed barge. So a lot of the sites at the moment have accommodation barges and feed barges, which are big. This would purely have a small, circular barge, and the design is in the material, but the idea is to as visually unobtrusive, to not intrude on people's views as much as we can. The two farms at Blowhole Point North and South will also use low-profile, circular cages.

Now, all the sites would use modern, recessive colours and will look very different to the existing old farms, and will be less visually intrusive. The sites are away from residences. Obviously, as part of landscapes, the views. In Queen Charlotte Sound and Tory Channel, the number of residential dwellings within 1 kilometre of salmon farms would reduce from 21 - 3. In Pelorus Sound there would be no residential dwellings within a direct line of site within 1 kilometre of the salmon farms. So we try to move farms away from people and away from areas of residential use. There are, on the website, pictures of what the farms would look like, with the new strategies, and I hope you'll make use of those.

Hudson Associates was the landscape architect, has provided a report. The effects of relocation would be no more than minor on the outstanding areas and cumulative effects acceptable. So in terms of adverse effects on outstanding, he says they'll be no more than minor, and also that the cumulative effects are acceptable. And this report was reviewed by Drakeford Williams Limited, but I have to note today this will probably be one of the most controversial issues ahead of you. Others will have very different views.

One of the interesting things is obviously no farm can have an adverse effect on an outstanding area. That's a given. But Hudson also found that the relocation would, in his view, improve the overall landscape values in the sounds. So he felt that overall, the six existing sites, if they were vacated, would have higher values than the sites that have been proposed. Obviously that requires testing.

Navigation. Obviously a really important factor with farms. As I said, the reason a lot of the farms in Tory Channel were rejected was because of navigation with the ferries. So, navigation assessments have been conducted for all sites by Navigatus, and consultation has occurred with the harbour master and with the ferry operators, both KiwiRail and Bluebridge. We did this consultation before public consultation as part of the assessments of environmental effects.

The harbour master raised concerns about the mid-channel site, and this has also I note been raised quite substantially in public submissions. KiwiRail has also highlighted the need for a navigational safety plan for Tio Point site to ensure safe passage and secure moorings. So I haven't gone through submissions in detail. There may be other sites where people have raised navigational concerns, but these are the two that stand out. Waitata because of the fact that it is in the middle of the channel, and Tio Point because it's a ferry route.

Navigatus and the harbour master agree navigational risk for the Waitata mid-channel site can be managed through appropriate navigation warning devices and signs. The regulations provide that navigation is a matter of discretion at the consent stage to enable appropriate navigational warning devices and signs to be established. A navigation safety plan is appropriate for Tio Point given the high use of the Tory Channel. And in any event, all signs would be appropriately marked for navigational safety.

I noted, just going through the submissions provisionally, Port Marlborough has objected to those sites, and I guess you'll be hearing from them tomorrow.

CHAIRPERSON: Today, I think. Oh, Port Marlborough, yes.

MR LEES: Port Marlborough is tomorrow morning.

CHAIRPERSON: Yes, that's right.

MR LEES: Okay. Socioeconomic benefits. So, PwC has assessed the economic impacts of relocating the six farms. Currently there are 105 existing jobs and \$10 million associated with these 6 farms.

CHAIRPERSON: Carry on, sorry.

MR LEES:

Okay. What the proposal does is it would protect those jobs, because, as we said, there is a chance that the existing farms, to meet the benthic standards, would have to reduce stocking density and may not be economically viable. So it protects 105 jobs existing and the \$10 million to GDP. And if the sites are relocated, in theory, at those high productions, they could increase the production to \$49 million and the total would employ 511 full-time equivalent people.

Now, salmon farming is incredibly efficient for the area occupied. The reason it is so much more efficient than any land-based farming is because the fish don't need to create big bones to stand up against gravity. You know the size of bones that cows have. And also the farming is three-dimensional, and so they are a very efficient way of farming in a small area.

Importantly, to us -- I'm in the directorate that does economic growth in the regions, and we see all the time the sorts of problems that regions have economically and socially and culturally. And what we find is that in New Zealand there are opportunities to grow our regions, but there aren't that many. There's not that many, and most of them are focused around agriculture. MBIE has been working on this issue as well, but we are too, as Ministry for Primary Industries, because agriculture in most of our regions is a key for moving forward. So, previous government research shows that a job is often more than a white person than a wage. Meaningful employment has important social benefits to both families and communities. So a job isn't just a job. A job is a wage for a person, and that person often has a family or dependents, and it can create good community benefits.

Quigley and Watts, who are social assessments, found that the salmon industry provides meaningful jobs. It generally pays higher than the average medium income in Marlborough, in the top of the south, and compared with pastoral farming, forestry and tourism, it provides consistent, year-round work and wages. A lot of jobs in agriculture are only part-time, and this provides full-time jobs.

The key to achieving success in each region is to build on the region's unique mix of economic opportunities and competitive advantages to attract new investment and people and grow jobs and incomes. We are working in Southland, and their strategy isn't about more money; it's actually about maintaining people and about maintaining the population. And as we've seen, regions like Marlborough might not grow, and we need to be working very hard to make sure opportunities are realised, because people make cohesive communities.

5 In Marlborough we are fortunate to have the ability to farm high-value salmon, which can provide a range of jobs across the top of the South Island. And Quigley and Watts found salmon farming activities have retained people, income and skills in the Marlborough Sounds community at times when employment opportunities generally have been declining. So we are looking at the general top of the south, but particularly in Marlborough it brings jobs to the sounds.

10 [10.30 am]

15 At present the jobs are predominantly in Nelson, and a lot of people have said, "Why are we allowed farming in Marlborough?" The paddocks are in Marlborough but the farmhouse is in Nelson, sort of thing, because most of the jobs are based in Nelson in processing. But there are 87 jobs currently here, and more advertised, and they're located in Picton and on the farms in engineering, performance planning and support.

20 Now, New Zealand King Salmon has a goal to move more jobs into Marlborough in the future, and that will obviously be in primary processing and associated businesses, but I will leave it to them to present to the Panel how that would be achieved and what that would look like. But I guess our message is GDP is fab, but GDP is not a measure of the health of people. And jobs are more than a wage. They are community potentially with a future and a better social outcome.

30 Tourism and recreation. The assessment of environmental effects concludes that none of the proposed sites have activities that are not substitutable - that's a big word - nearby and as a result of the impact from the potential farm. So we've got existing farms, we've moving them. The activities can be substituted elsewhere. Relocations on tourism and recreation are negligible for all sites, apart from one, Waitata mid-channel. So the Waitata mid-channel has the potential to precede visual impacts to the land-based ecotourism operators in the vicinity, just because it's very, very different.

40 Removing the Ruakaka site in Queen Charlotte Sound has some minor positive benefits for recreation and tourism. This removal, however, would create the potential need to use an alternative farm site for tour operators who are currently visiting. And the assessment of environmental effects also found evidence that the impact on recreation and tourism of additional salmon farms installed in both Queen Charlotte Sound and Pelorus Sound appears to be less than minor. But obviously people will have views and comments that they have provided to the Panel.

Residential amenity. We spoke about this previously, but Taylor Baines & Associates' assessment focused on the potential social consequences in the immediate vicinity of farm sites. The relocation proposal would change the situation where dwellings are close enough to salmon farms to make adverse residential amenity effects highly likely to a situation where they are unlikely. Quigley and Watts also, who did a social study, found residents living near salmon farms are likely to experience a localised loss of environmental amenity values, visual noise, odour, wildlife and water quality, and obviously moving the farms away from residences is good. I did note, however, that some of them did express they had positive interactions with the farmers. It wasn't all about odour, noise and adverse effects.

The proposal significantly reduces the number of residents living in close proximity to a salmon farm. In Queen Charlotte Sound, Tory Channel, the number of residential dwellings within 1 kilometres of a salmon farm would reduce from 21 - 3. That's a significant reduction. In Pelorus Sound there would be no residential dwellings within a direct line of sight within 1 kilometres of a salmon farm.

Cultural. Now, the Crown has an ongoing settlement obligation with Māori equivalent to 20 per cent of any new salmon space created. That is a matter for the Crown and for iwi. You will have heard in the newspapers that iwi have raised concerns that we are helping to relocate King Salmon and should have done more for iwi, but we feel we acted in good faith through that process. But we are keen to be talking to iwi because the whole goal of the settlement is about enabling them to meet their aquaculture aspirations, so we will be having ongoing discussions. But in respect of this proposal, iwi have raised a range of views and concerns on the relocation proposal, and all have said that they wish to be heard. Some have made individual submissions on behalf of their iwi. The others have made a general submission from the trustee for aquaculture assets, which is Te Ohu Kaimoana, TOKM. It is important to note that Te Ātiawa has a commercial joint venture arrangement with New Zealand King Salmon for the proposed Tio Point relocation site in Tory Channel, and all we can say at this stage is that we encourage the Panel to investigate iwi concerns as specifically required under the RMA, but also potential mitigation options.

CHAIRPERSON: If you'd like to conclude, then we'll have a break.

MR LEES: I will conclude. So, today I've presented a summary of the Crown's proposal. The full proposal, however, is contained in the consultation documents: the draft assessment of environmental effects, the proposed regulations that take the form of a plan change, and in the numerous, multiple reports that comprise the full assessment of environmental effects. Written comments and public hearings are essential to understand the full effects, both positive and negative, on people's current uses and values. Our experts and the people who did the assessments of environmental effects are available to present their findings to the Panel, whether that's directly presenting to you or through workshops. And an exact swap proposal has not been determined, so we have not determined which of the six existing sites should move to which of the six relocation sites. This can only be established once comments from the public and iwi authorities have been assessed.

CHAIRPERSON: All right, thank you very much, Mr Lees. We will obviously have some questions for you, but we will break now and we will resume at probably 11.00 am.

In the meantime, just before we do have the break, Mr Ironside, it's occurred to me while this material is being given to us that there are obviously already some areas of potential expert conflict. I guess one that Mr Lees has referred to is landscape, amongst other things. We are going to hear from you and your people, aren't we, at some point?

MR IRONSIDE: Yes. Dr Steven is my landscape and natural character expert, and he will certainly be present when we make our --

CHAIRPERSON: Have you got a date and time yet?

MR IRONSIDE: Monday, 8 May.

CHAIRPERSON: Right. I'm just wondering --

MR IRONSIDE: And I believe that the Environmental Defence Society also have engaged Stephen Brown, and he will be presenting I think on 9 May.

CHAIRPERSON: All right. It might be helpful for us if at some point before then you could give us a list of the areas of expertise and the witnesses that you are going to call to help us work out how we're going to do this. Obviously we're going to have to do some caucusing at some point. If you would be good enough to do that.

MR IRONSIDE: Certainly.

CHAIRPERSON: Is EDS being represented by anybody?

MR IRONSIDE: Yes. Their solicitor is Madeline Wright. She will be present on 9 May.

CHAIRPERSON: Yes. Could you communicate with her as well on that?

5 MR IRONSIDE: Yes, sir.

CHAIRPERSON: Thank you very much indeed. Okay, we're going to take a break now till 11.00 am, so we'll see everybody back here then. Thank you.

10 **ADJOURNED** [10.38 am]

RESUMED [10.59 am]

CHAIRPERSON: Right, you better round up the troops.

15

FEMALE SPEAKER: All right, if you want to take your seats.

CHAIRPERSON: Thank you, we will resume our hearing now, thank you very much. Mr Dormer has some questions to ask of Mr Lees.

20

MR DORMER: Morning.

MR LEES: Good morning.

25 MR DORMER: I have one question of substance and a few more of preliminary fact finding, so I'll deal with those first, if I may. You spoke a couple of times about the importance of circular cages and that you would come back to it. I don't remember you doing so.

30 MR LEES: Okay, I raised circular cages at the beginning of the presentation. The point where we were raising them again was under the landscape and natural character, and it was just to point out that rather than using the conventional more visually intrusive designs, that in the areas of Blowhole Point North, Blowhole Point South and the Mid Waitata Bay.
35 They would be using the more sensitive Polarcirkels or circular pens.

MR DORMER: Why are they more sensitive?

40 MR LEES: If you have a look in the mock-ups, they are generally lower profile; they only occupy the area of the circle and so they don't have quite as much substance between the cages. So rather than having a large square cage system, you have three circles and the pipes feed from the main barge to those circles in order to service and feed the fish. But generally they have less environmental or less visual effect than the
45 traditional barges. If you have a look at the mock-ups you can see examples of those types of farm compared to the existing farms.

- MR DORMER: I am exposing my gross ignorance here, but it's best to do it early in the hearing; I understood that the cages will be 40 to 50 metres deep?
- 5 MR LEES: No, not necessarily.
- MR DORMER: No? Go on.
- MR LEES: So the depth, do you mean the nets beneath the cages?
- 10 MR DORMER: Yes.
- MR LEES: Yes, they can go from anywhere to 20 to 30, depending on the depth, but they wouldn't be that deep.
- 15 MR DORMER: So what was the importance then of having them beyond the diving range of shags?
- MR LEES: Oh, sorry, all it is, is to say that if we are concerned about the cumulative effect on king shag foraging areas, that the Mid Waitata Bay is deeper than the king shag general foraging area, so it is outside of an area that would have effects on that species.
- 20
- MR DORMER: No, I'm sorry, I'm still not there. The preferred feeding depth of the king shag is 20 to 40 metres.
- 25
- MR LEES: Yes, correct.
- MR DORMER: Yes, so the shag dives into the water down as far as 40 metres, so what does it matter how far the nets go beneath the cage?
- 30
- MR LEES: It doesn't matter, it's the location of the farm. So if you locate a farm in an area that king shags feed or their preferred feeding range, obviously that has a greater effect on king shags than a cage or a farm located in a deeper area outside of the preferred feeding areas of king shags.
- 35
- MR DORMER: That's not a function of depth, that's a function of remoteness, surely?
- MR LEES: It's actually a function of depth because king shags only dive so deep for prey, and therefore if you place farms in deeper water, the occurrences of king shags feeding in those areas is a lot lower.
- 40
- MR DORMER: Okay. Further on the shags for a minute, you said they don't fly, they're not very good flyers. I thought of an example of the worst flyer, by the way, it's the kiwi.
- 45
- MR LEES: Yes, flightless.

MR DORMER: But they don't fly very far, but they're good divers, okay. Now, if the proposal is to replace one farm site with another farm site, the relevance of that so far as shags are concerned will depend upon the relative location of the proposed one and the one to be closed down, won't it?

5

MR LEES: Correct.

MR DORMER: So there is no automatic benefit, as it were?

10 MR LEES: No, the only benefit, as we see it, is that you are taking a site out of a place and moving it to another, so there is no increase in the area occupied by the farms. But the advantage comes from the fact that the farms currently exist in shallower water, less than 40 metres, which is the preferred feeding habitat of king shags. And when we relocate them, they will be in deeper water and two-thirds of the sites will be beyond 50 metres, so therefore they are in the less preferred area for king shags.

15

20 MR DORMER: My final matter of fact and helpfulness for you, if you would be so kind; salmon are moved into the Sounds, you said at one point, and I wasn't aware that we were bringing into the Sounds salmon from other places?

20

MR LEES: Yes, King Salmon will talk about it in detail in their presentation.

25

MR DORMER: Yes.

MR LEES: But they have a number of hatcheries where the salmon are bred and where the juveniles are raised, and at a certain size they are then brought over and introduced into the sea environment in the Marlborough Sounds.

30

MR DORMER: Oh, okay. Now, onto my point of substance; you may think it's not a point of substance at all and I'm barking up the wrong tree; I may well be. This is promoted as a relocation proposal and it's promoted on that basis, on the basis of a number of existing farms being decommissioned. It occurs to me, from what I've seen and read so far, that probably four of those six farms have a very, very limited future indeed anyway, and therefore their closure is not a matter to which we should be giving great weight. It's less a relocation proposal than, in fact, a proposal to authorise six new salmon farms; a small countervailing benefit, a small countervailing offset for any environmental disadvantage, being the closure of a number of existing farms.

35

40

45

MR LEES: Yes. The consents generally expire, I think, in about 23/24 for those sites.

MR DORMER: Yes.

CHAIRPERSON: Sorry, would you repeat?

5 MR LEES: Sorry, the resource consents for the existing sites would expire 23/24, that sort of period, so they do have a number of years left on them. In addition, it could be that they are extended out into the future. But this is about an activity that currently produces jobs and produces money for the region, and I guess the idea we are talking about is can we
10 continue that activity in a better way to continue to improve, to continue to provide jobs and potentially more jobs and more money for the region. But you are correct; one of the options is you could let them close down and they may or may not get renewed at the resource consent stage.

15 MR DORMER: I may return to this again.

MR LEES: Okay.

20 MR DORMER: Because it does trouble me as to when we come to evaluate the potential adverse effects of the new site, the extent to which it is proper for us to offset the removal of adverse effects from the current sites. I think, for example, there is a - you may have referred to it this morning - a landscape negative so far as one of the new sites is concerned. But on
25 balance, it is said, that that is not really a negative because of the removal of this ghastly one from over here, and that can offset some of the negatives of this one here. If that ghastly one over here is going to close in five or six or seven years anyway and the new one is going to be open for the long term, how much weight do we place on the closure of the ghastly one?
30

MR LEES: Okay, so there is a thing in the New Zealand Coastal Policy Statement; you cannot have adverse effects on outstanding landscapes and natural character, so they will farm regardless of whether there is some form of offset can do that. But if you have decided they are not, I guess all
35 we are saying is that John Hudson said that there would be landscape benefits of the relocation. But that would be a matter for you, how you wish to consider that.

40 MR DORMER: The landscape benefits of the closure of the ghastly one?

- MR LEES: Yes, of it stopping at that site compared to moving to one of these relocation sites. So if you imagine you've got six farms currently, what the landscape architect has said, if those six farms happen to be in these other locations, that there would be a lesser effect on landscape overall.
5 But obviously to go into those locations you have to meet the requirements of the NZCPS that each and every one of those farm would not have an adverse on outstanding areas, or a cumulative effect that you deem not acceptable.
- 10 MR DORMER: It's going to be an interesting debate, isn't it?
- MR LEES: It's going to be a very interesting debate.
- MR DORMER: Thank you.
- 15 MR LEES: You're welcome.
- CHAIRPERSON: Mr Crosby?
- 20 MR CROSBY: Thank you. Mr Lees, just really on that issue, I noticed that when you were describing under your first overhead which had a heading of Landscape and Natural Character, you made an aside, an oral aside, which I note that the Blowhole North and Blowhole South points were - and I may have written you down incorrectly, but I just want to raise it with you - were regarded as an Outstanding Feature or they had an Outstanding Feature, but you didn't define what that feature was. Are you talking in Statutory Plan document terms or are you talking in relation to a particular identified features that's identified in the comments somewhere?
25
- MR LEES: So my understanding is it is in the current plans.
- MR CROSBY: Right.
- 35 MR LEES: And in the proposed Marlborough Environment Plan they have undertaken new work on outstanding landscapes and natural character and landscapes, and natural character generally.
- MR CROSBY: So there are two documents, I guess, at play?
40
- MEMBER OF THE PUBLIC: Sorry to interrupt, but sound conditions at the moment are absolutely -- it's hardly -- I can't hear any of it.
- MR CROSBY: Okay, I'll speak up, my microphone was pointed away. Is that better?
45
- MEMBER OF THE PUBLIC: Yes.

- MR CROSBY: I'll put the issue again so that people can hear. What Mr Lees had said as an aside was that at the Blowhole Point area there was an Outstanding Feature, but he didn't describe what that was. And the question that I posed was, "Was it one identified in Statutory Planning documents or was it just identified in the comments in some location?" So if you could answer that, please?
- 5
- MR LEES: So there are two relevant documents. Obviously, there's the --
- 10 CHAIRPERSON: Bring it a bit closer, bring the microphone a bit closer to you, I think.
- MR LEES: It doesn't --
- CHAIRPERSON: Oh, you can't.
- 15 MR LEES: No, I can't lift it. Okay, can everybody hear me?
- MR CROSBY: Yes.
- 20 MR LEES: Okay, so there are two relevant documents. The first is the Operative Marlborough Plan, the Marlborough Coastal Plan.
- MR CROSBY: Yes.
- 25 MR LEES: And that has in it the existing areas that have been -- existing landscape and natural character areas, including those that have been identified as outstanding. And the second relevant document is the Proposed Marlborough Environment Plan, and that contains proposals about what the future outstanding landscapes, landscapes, natural character and outstanding natural character and features would be. And so in doing the assessments - and I'll let John Hudson, when he presents to you, talk about the technicalities - it was taken into account both the existing landscape layers and the natural character layers in the Operative Plan, and in addition the proposed natural character and landscape provisions in the Marlborough Environment Plan.
- 30
- 35
- MR CROSBY: How far have those proposals progressed through the statutory process?
- 40 MR LEES: I'll let the council answer that because it is their process, but my understanding is it's been notified and submissions have been received, but I'll let them give you the precise point. I think Frances, when she comes in a minute, the planner, may know the answer to that question.
- 45
- [11.15am]**
- CHAIRPERSON: It's quite important for us, this matter, because this proposal is to change the Operative Plan only, isn't it?

MR LEES: Yes.

5 MS LOJKINE: Mr Skelton, would it assist the panel if I provided some assistance to Mr Lee's answer now? I'm Frances Lojkine, the planner contracted to the Ministry.

10 CHAIRPERSON: We'll let you pursue that matter with us, yes. That would be the best way.

15 MR CROSBY: The only other question I had related to the Coastal Charges Provisions. Again, as I understood it, you were saying that the council has proposed some coastal charge regime in the proposed Marlborough Environment Plan, and MPI has filed a submission in support of that.

20 MR LEES: I don't think we made a submission directly, but the Industry has and the Industry and also the Crown generally is supportive of a Coastal Occupation Charge being established. The reason I raised it was just another matter; it was an aside that a lot of people have raised concerns that agriculture doesn't pay its way, and I think the Industry and the Crown agree that we do need to have Coastal Occupation Charges because the reason for those charges is for management of the coast and environmental, and we therefore are supportive of the proposal that Marlborough has put to introduce those charges.

25 MR CROSBY: Thank you.

30 CHAIRPERSON: Mr Lees, there are two or three matters or maybe more that I want to cover with you. The first - and I think I can understand why it's being described as a Crown proposal - but I'm not entirely sure, and I need to be clear about that or we need to be clear about that, particularly when we come to deal with iwi and their - as you have already alluded to today - their relationship with the Crown over Treaty matters. This is being described now as a Crown proposal and, as I understand it, you are saying that because the Cabinet signed off on it. Is that right?

35 MR LEES: Yes, so what we're saying is that it's just not a proposal by the Ministry of Primary Industries; it's a proposal that Cabinet in its entirety decided to take forward. In addition, all of the departments have been working closely together to ensure that the proposal meets the requirements of the various departments.

40 CHAIRPERSON: Okay, well I am not sure constitutionally that the Cabinet is the Crown - and that may be an issue - but would it be better to call it the Whole of Government proposal, if that's the case?

45 MR LEES: And that basically would mean -- the Whole of Government means the same; I'm happy to call it a Whole of Government proposal.

CHAIRPERSON: Yes. I mean under the legislation it's the Minister who must initiate this exercise; that's his statutory authority to do so.

5 MR LEES: That is correct.

CHAIRPERSON: It's the Minister. I know it has to go eventually to an Order in Council for the regulatory purpose, but I just think we need to be clear about the use of the word Crown, when we will be engaged at some point with the iwi people in discussion about their relationship with the Crown over the Treaty matter. So if you're happy if we call it a Whole of Government approach?

10

MR LEES: I am happy with that wording.

15

CHAIRPERSON: Okay. I guess I should ask your next witness about putting the Adaptive Management processes into the Plan? You would be able to address that? Yes. I notice in my reading prior to this hearing that there is a reference to the Section 32 Evaluation which will be required to be done after this hearing and our report.

20

MR LEES: Yes.

CHAIRPERSON: Is there some particular reason for that or is that the advice that the Ministry was given? If this were not a regulatory process, if it was a First Schedule process we, hearing that, would expect to have a Section 32 Evaluation now. Can you explain to me why that hasn't been done? It may be because our report will be part of that evaluation, I don't know. Is that the reason?

25

30

MR LEES: That's correct.

CHAIRPERSON: Yes.

35 MR LEES: Your report will form part of the Section 32 analysis.

CHAIRPERSON: Which will be made to assist the decision maker?

MR LEES: That's correct.

40

MR DORMER: Is it correct to say it will be part of the Section 32 report or that it will inform the Section 32 report?

MR LEES: The correct term would be inform the Section 32 report.

45

MR DORMER: Inform, yes. Okay, thank you. Because if we are to be part of it, we haven't had the evidence.

- CHAIRPERSON: Yes, not all of it.
- MR DORMER: No.
- 5 CHAIRPERSON: No. You referred sort of interchangeably to the benthic standards and the Benthic Guidelines. I need to be clear as to what they actually are.
- MR LEES: Yes, so we are talking about the Best Management Practice Benthic Guidelines.
- 10 CHAIRPERSON: Yes.
- MR LEES: Consistently, it's just shorthand to call it the Benthic Guidelines, I'm sorry.
- 15 CHAIRPERSON: It's not a standard?
- MR LEES: It is a standard in the fact it is approved and adopted by the council, but it is -- what it is, is basically a management programme about how effects on the seafloor will be managed and how they will be monitored, and the actions that will be taken if there are breaches to those levels that are set. But its terminology, I think, is the Best Management Practice Guidelines.
- 20 CHAIRPERSON: So when you say it's been adopted by the council, under what process did the council do that?
- MR LEES: So it's not under the RMA, it is -- they run a process whereby MPI, the council, the community and research providers worked over about a year to create the guidelines or the standards. And they have accepted them within their powers but not within the RMA as the standards or guidelines that they wish to achieve for the management of salmon farming in the Marlborough Sounds into the future.
- 30 CHAIRPERSON: But they are not actually written in a statutory instrument?
- MR LEES: No, they are not statutory, no.
- MR CROSBY: And I take it they haven't been imposed as a consent on any resource consent that you are aware of at the moment?
- 40 MR LEES: No, except that the three EPA sites have to kind of abide by those types of conditions, the ones approved by the Board of Inquiry. And subsequently two of the other remaining farms, when they have come for consent, they have applied those conditions consistent with the Benthic Guidelines or Standards or Best Management Practice Standards. So they have been adopted by the rest of the farms, in effect. It is these remaining six that haven't yet adopted them.
- 45

- 5 CHAIRPERSON: You made a statement in your presentation and I can't quite remember where it is, under the Water Quality part of your presentation, where you say water quality standards need to be developed. Are you meaning again in the statutory sense?
- 10 MR LEES: No, the same as these other guidelines. So basically what we would do, it would be non-statutory but it would be strong guidance on how water quality should be managed into the future, to guide development. But obviously for us - and Frances will talk about it in more detail - the plan and the consents will require -- the plan will require that the consents adopt these types of practices in moving forward.
- 15 CHAIRPERSON: You know the background I'm coming from. We have water quality standards for all sorts of land-based activities and, indeed, water-based activities in regional plans, for example. You're not saying that in the Marlborough Regional Environment Plan there should be water quality standards for the Marlborough Sounds?
- 20 MR LEES: Well, we think there needs to be water quality standards, it's just the stage that we are at.
- CHAIRPERSON: Yes.
- 25 MR LEES: So they haven't been developed yet and they need to be developed specifically to guide salmon farm development. And it may be that the council decides to adopt them into their plan, but what our planning will do is ensure that they are taken up and become part of the consent conditions moving forward in salmon farms.
- 30 CHAIRPERSON: So there would need to be something then before any resource consent applications -- there would need to be something in place before any resource consent applications were considered, wouldn't there?
- 35 MR LEES: What we are saying at the moment is that the first stage of development would be enabled and the consent applications would require future stages to be guided by the Water Quality Standards.
- 40 CHAIRPERSON: Oh, and this goes back to the Adaptive Management idea?
- MR LEES: Yes.
- 45 CHAIRPERSON: Right. Finally from me, you referred at the end of your presentation to cultural concerns and the iwi concerns, which we have read about and which we are no doubt going to hear about, and you said you encouraged us to engage with them, or words to that effect. Is it the Ministry's view that we should enquire into the Treaty Settlement issue?

- 5 MR LEES: Our view is that these are two separate processes. One is a concern raised by iwi about how the Crown managed its Treaty implications and that, for us, is a matter between the Crown and iwi to discuss. And the other proposal is obviously the proposal to potentially relocate using regulations the six marine farms, and that is what we would like you to please explore with iwi.
- 10 CHAIRPERSON: Yes. All right, thank you very much, Mr Lees.
- MR LEES: You're welcome.
- CHAIRPERSON: Your presentation has been very helpful.
- 15 MR LEES: Thank you very much.
- CHAIRPERSON: Thank you.
- 20 MR IRONSIDE: Mr Skelton, would it be possible to clarify one matter through you with Mr Lees?
- CHAIRPERSON: What is it?
- 25 MR IRONSIDE: It relates to the acknowledgement that iwi consider that this proposal triggers the requirement to allocate 20 per cent or make a 20 per cent allocation to iwi of any new space, pursuant to the Māori Agriculture Settlement legislation. I just wondered if it could be clarified whether the MPI accepts that proposition, firstly. Secondly, if it does, whether the proposal is that that 20 per cent allocation be internalised within this proposal or whether there is the potential for that 20 per cent allocation to be met from some other future proposal?
- 30
- CHAIRPERSON: Yes, well you see that goes to the Treaty issues and Mr Lees has just told us that he doesn't think that's a matter for us. That's your view, isn't it?
- 35
- MR LEES: Yes.
- CHAIRPERSON: Now, we have to hear -- you are not representing iwi, are you?
- 40
- MR IRONSIDE: No.
- CHAIRPERSON: No.
- 45 MR IRONSIDE: I simply trying to explore whether this is the boundaries of the proposal or whether, because of the Māori Commercial Agriculture legislation, there is a further proposal that will need to be considered at some point in the future.

CHAIRPERSON: But that's not a matter for us to cover with you, I don't think.

5 MR IRONSIDE: It has implications for, I think, all participants as to what is the extent of --

CHAIRPERSON: Oh, you are saying if there was some other proposition for more salmon farming outside of this?

10 MR IRONSIDE: If this proposal has the potential to cause that, that's all I'm asking. Does it or doesn't it?

CHAIRPERSON: Have you got a view on that?

15 **[11.30am]**

MR LEES: I couldn't say. We haven't had discussions with iwi.

20 CHAIRPERSON: No.

MR LEES: Obviously we need to work with our Treaty partners.

CHAIRPERSON: That's a good answer, all right. Thank you very much, Mr Lees.

25 MR LEES: Thank you.

MS LOJKINE: Good morning.

30 CHAIRPERSON: Morning. Yes.

MS LOJKINE: You should have in front of you two pieces of paper, essentially, from me; one, a short three-paged piece which I am intending to largely read to you this morning, with your permission.

35 CHAIRPERSON: Yes, that's what we would like you to do.

MS LOJKINE: And, secondly, a table which I am not intending to read through, you will be glad to know, word-by-word, but which I will refer to in the presentation.

40 CHAIRPERSON: You will refer to it?

MS LOJKINE: Yes, and I am certainly happy to answer questions.

45 CHAIRPERSON: And we pronounce your surname as Lojkine? Is that right?

MS LOJKINE: Yes, thank you, Professor Skelton, yes.

CHAIRPERSON: All right.

5 MS LOJKINE: My name is Frances Alexandra Lojkine. I'm a principal planner at MWH. I have been contracted to the Ministry for Primary Industries since February 2016 to provide planning advice in relation to the potential relocation of salmon farms in the Marlborough Sounds. I have worked with officials from the Ministry for Primary Industries, the Ministry for the Environment and the Department of Conversation, drafting the proposed regulations that were released for public comment in January 2017, and I am the principal author of the Summary Assessment of Environmental Effects document.

10
15 If the panel is happy, I will take paragraph 2, which is my qualifications and experience, as read?

15 CHAIRPERSON: I think it would be useful if you did read that, thank you.

20 MS LOJKINE: Certainly, no problem. I hold a Bachelor of Science in Microbiology, a Post Graduate Diploma in Environmental Science and a Master of Regional and Resource Planning. I have over 21 years of experience working both for regional councils and private consultancy, specialising in regional planning, both the development of regional policy statements and regional plans and the preparation and assessment of consent applications. I have been involved in aquaculture planning since 2008 and over that time have provided planning advice to the Ministry for the Environment, the then Ministry of Fisheries and the Ministry for Primary Industries. In 2011 I was responsible for preparing amendments to the Waikato and Tasman Regional Coastal Plans that were included in the Aquaculture Reform Legislation.

25
30
35 I have been asked to provide you with a brief presentation today on the proposed regulations, as an expert planner and to be available to answer any questions you may have.

35 CHAIRPERSON: Just pause there, please.

MS LOJKINE: Certainly.

40 MR DORMER: When expert witnesses advise us of the degrees they hold, it's usual for them to say from which institutions. I'm aware, for example, that the Tallahassee Night School issues Masters degrees in Regional Planning.

45 MS LOJKINE: In order to clarify the matter then, Mr Dormer, my Bachelor Science is from Otago University.

MR DORMER: Yes.

MS LOJKINE: My Postgrad Diploma in Environmental Science is from Canterbury University and my Master of Regional and Resource Planning is from Otago University.

5 CHAIRPERSON: Thank you. And, sorry, I'm not sure if you are aware of this, but I think in one of the documents we issued we expressed the view that people who were going to give evidence as experts to us should comply with the Environment Court's Practice Note on expert evidence.

10 MS LOJKINE: Yes, and I apologise, Professor Skelton, that should have been included.

CHAIRPERSON: Are you able to say that you do that, in this case?

15 MS LOJKINE: Yes, absolutely, and I'm happy to amend the presentation and resubmit it with a paragraph to that effect.

CHAIRPERSON: Well, I think if you tell us, it will be recorded that you have read the Environment Court's Practice Note for Expert Witnesses?

20 MS LOJKINE: I have read it and I agree to comply with it, and I have prepared this presentation in light of that Code of Conduct.

CHAIRPERSON: Thank you. Right, now.

25 MS LOJKINE: Turning to a summary of the proposed regulations at my paragraph 4, under Sections 360A and 360B of the RMA, regulations can only be made to amend a Regional Coastal Plan, not a proposed Regional Coastal Plan. The proposed regulations therefore take the form of potential amendments to the Marlborough Sounds Resource Management Plan, and I date it to 2003 which is when the Minister of Conservation approved the Regional Coastal Plan part of the plan, which is the current Operative Regional Coastal Plan for the Marlborough Sounds. For the purposes of consultation, what has been provided to public or provided for public and iwi authority comments are the proposed amendments. They have not been set out as a draft regulation as that is the role of parliamentary counsel. My understanding, however, is that any regulations would be very simple, with a clause providing for title and commencement date and then a clause providing that the amendments as then set out be made. I note that an amendment as provided for the purposes of consultation may be similar to a plan change, and I'm going to depart slightly off script here with the rest of the sentence, but as the amendment is proposed by the Minister of Aquaculture, I do not describe it as a plan change in this presentation.

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CHAIRPERSON: Why don't you do that?

- 5 MS LOJKINE: Because if the proposal goes ahead and the Minister recommends the making of regulations, they are promulgated as regulations rather than as a plan change, and so I have, universally, during my time involved in the project, referred to potential amendments to the Plan or the proposed regulations to try to continue to distinguish it from the schedule 1 plan change process under the RMA.
- CHAIRPERSON: Nevertheless, the end product will be a change --
- 10 MS LOJKINE: Indeed.
- CHAIRPERSON: -- to the Plan.
- 15 MS LOJKINE: Yes.
- CHAIRPERSON: And the means by which that is done is regulation rather than first schedule.
- 20 MS LOJKINE: Indeed.
- CHAIRPERSON: And that's the position.
- MS LOJKINE: Yes.
- 25 CHAIRPERSON: All right. Thank you.
- MS LOJKINE: At paragraph 5, amendments are proposed to existing chapters 9 and 35 of the Sounds Plan and the planning maps. A further proposed amendment is the addition of a new chapter 35B for the Sounds Plan. The bulk of the proposed regulations relate to the new rules to be inserted into chapter 35 of the Sounds Plan: a limited discretionary activity rule for marine farms and for marine farming of salmon in a new coastal marine zone, being coastal marine zone 4; a discretionary activity rule for current marine farms for species other than salmon in the areas that would be zoned coastal marine zone 4 if the proposed regulations proceed, and there is more explanation of that discretionary activity rule in the table; a non-complying activity rule for the marine farming of salmon in coastal marine zone 4 that does not comply with the requirements of the limited discretionary activity rule; a second non-complying rule for current marine farms for species other than salmon in the areas that would be zoned coastal marine zone 4 if the proposed regulations proceed, and again I explain the reasoning behind that rule in the attached table.
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- 35
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5 And then there are four prohibited activity rules. These rules have the
effect of prohibiting marine farming at five of the six current low-flow
salmon farm sites operated by New Zealand King Salmon once the
relocation of salmon farms from those sites has occurred, prohibiting
fin fish farming at the sixth site, one of the Crail Bay sites, recognising
10 that existing mussel farming at the site, which is not undertaken by
New Zealand King Salmon, should not be prevented as a result of this
proposal, prohibiting salmon farming in coastal marine zone 4 if the
surrender of existing salmon farming space does not form part of a
consent application, and prohibiting marine farming of species other
15 than those being farmed by current marine farms in the areas that would
be zoned coastal marine zone 4 if the proposed regulations proceed.
Amendments proposed to chapter 9 of the Sounds Plan would adjust
that part of the Plan to recognise the new rules in chapter 35. The most
significant change is the proposal for a new policy which would
provide overall water quality outcomes specific for salmon farming in
the Marlborough Sounds.

20 Chapter 35B provides an allocation mechanism developed under part 7
of the RMA for ensuring that existing salmon farming space in the
Marlborough Sounds must be surrendered as part of obtaining consents
for salmon farming space within coastal marine zone 4. Amendments
to the planning maps would show each of the sites to be zoned coastal
25 marine zone 4 visually, as, for example, the existing coastal marine
zone 3 marine farm sites are shown.

30 Turning to development of the proposed regulations, the proposed
regulations have been developed as far as possible to fit within the
existing structure of the Sounds Plan. For example, reference is
retained to a limited discretionary activity, which is the terminology
the Sounds Plan uses for restricted discretionary activities, and the
objectives, policies and rules of the Sounds Plan were used as a starting
point for the drafting of the regulations.

35 Significant technical work, to the level of detail that I would expect to
be required for a consent application, ie a greater level of detail than
would be typical for a plan change application, has been completed in
relation to each of the proposed relocation sites. The development of
40 the regulations also took into account issues raised by the Marlborough
Salmon Working Group for its meetings and report.

5 The limited discretionary rule that forms part of the proposed
regulations recognises both the technical work and the report of the
Marlborough Salmon Working Group by setting a series of standards
contained in the potential amendments as appendix D4 that sets
parameters to ensure that adverse effects on the environment would be
no more than minor if consents were granted. The wording of these
standards has been developed based on our three primary sources. The
consent conditions that were imposed by the board of inquiry for the
10 2011 applications for new salmon farming sites by New Zealand King
Salmon, and I should also note that it was informed by the board of
inquiry report and the Supreme Court decision, particularly the
Supreme Court decision for EDS, the New Zealand King Salmon.

15 A second source has been the Best Management Practice guidelines for
salmon farming in the Marlborough Sounds: Benthic environmental
quality standards and monitoring protocols. What Mr Lees was just
talking to you about is referred to as the Benthic guidelines, which were
developed in 2014 to ensure good management of the effects of salmon
farming on the sea bed in the Marlborough Sounds and so post-dated
20 the board of inquiry decision. And a third drafting source has been the
replacement consents that have recently been issued for the Clay Point
and Te Pangu salmon farm sites in Tory Channel which showed how
the benefit guidelines could be implemented as consent conditions for
specific sites.

25 Consent conditions are not, of course, the same as rule standards, and
so the standards contained in proposed rule 35(3)(iii) have been
adjusted to ensure they fit with planned drafting requirements. The
table attached to this presentation provides the drafting source and
30 comments on many elements of the proposed regulations. The
proposed regulations have also been developed in the context of the
requirements of part 2 of the RMA, the objectives and policies of the
New Zealand coastal policy statement 2010 and the objectives and
policies of the Marlborough Regional Policy Statement. The Sounds
35 Plan as currently written gives effect to each of these requirements and
the proposed regulations have been drafted to ensure that the Plan as
amended would continue to give effect to them.

40 To conclude, the proposed regulations went out to public consultation
as a starting point. Some of the matters the independent advisory panel
will be faced with through the hearing, for example, as we've already
traversed this morning, effects on landscape and natural character, and
effects on king shags, are matters that will determine whether a
particular relocation site is suitable to include in the regulations. The
45 proposed regulations have been developed so that that decision can be
made at the stage of deciding whether to proceed with regulations, ie
at the stage of the Plan provisions, consistent with the direction of
policy 7 of the NZCPS in relation to strategic planning.

- MS LOJKINE: 11.2 and appendix F --
- CHAIRPERSON: Of the AEE?
- 5 MS LOJKINE: Of the summary AEE.
- CHAIRPERSON: Of the summary AEE.
- 10 MS LOJKINE: Yes, which is that document.
- CHAIRPERSON: And appendix --
- MS LOJKINE: F.
- 15 CHAIRPERSON: F. Both in that document?
- MS LOJKINE: Yes.
- 20 CHAIRPERSON: Right. And appendix D4, can you remind me where we might find that again?
- MS LOJKINE: If you look in appendix 1 of the consultation document, it starts at page 85 of that document.
- 25 CHAIRPERSON: Appendix 1 of the consultation?
- MS LOJKINE: Yes.
- 30 CHAIRPERSON: Yes.
- MR DORMER: 85?
- MS LOJKINE: Yes, by the hard copy I have anyway.
- 35 CHAIRPERSON: We've got them all somewhere.
- MS LOJKINE: Yes.
- 40 CHAIRPERSON: Yes.
- MS LOJKINE: Appendix 1 of the consultation document gives you the proposed regulations in full.
- 45 CHAIRPERSON: Yes.
- MS LOJKINE: And after you get through chapter 35, then appendix D4 turns up.

CHAIRPERSON: Right. Got any questions?

5 MR DORMER: No, but I'd be grateful if you would pursue with the witness the question we raised with Mr Lees about this being a change to the current plan, not the proposed plan.

10 CHAIRPERSON: Yes. Well, I think the answer is we can't. Yes, I will do that. Yes. I raised earlier the question of changing the operative plan, and I think you've given me an answer as to why the -- well, first of all, is it a proposed plan in the technical sense, this new one? What's it called --

MS LOJKINE: In terms of the regulations?

15 CHAIRPERSON: -- the environment --

MS LOJKINE: I'm sorry. I understand the question. Yes.

20 CHAIRPERSON: The plan that's been referred to is the Regional Environment Plan. Is that truly a proposed plan, do you know?

MS LOJKINE: Yes, it is. It was notified, I believe, in June last year, but that plan is not the plan that these amendments would be made to.

25 CHAIRPERSON: No. It's not. And the reason for that, I think you say, is because you can't do that by regulation; is that right?

30 MS LOJKINE: It's either section 360A or B specifies that the power for the Minister of Aquaculture, in this case the Minister for Primary Industries, is to amend by regulation a regional coastal plan, which means that amendments to a proposed regional coastal plan are not available under section 360A or B.

35 CHAIRPERSON: Okay. So we've got a proposed plan which will cover the same material that is in the now operative plan?

40 MS LOJKINE: At the moment, it doesn't, because when Marlborough District Council notified the Proposed Marlborough Environment Plan in the middle of last year, they did not notify the marine farming chapter, and that has not been notified to date.

CHAIRPERSON: So it does not have an aquaculture, did you say?

MS LOJKINE: No, it doesn't.

45 MR DORMER: "Marine farming" was her expression.

CHAIRPERSON: No marine farming chapter?

MS LOJKINE: Yes.

MALE SPEAKER: Aquaculture.

5 CHAIRPERSON: Yes. I guess we should ask the -- is the Marlborough District Council calling a planner?

FEMALE SPEAKER: I have literally just emailed them asking that same question.

10 CHAIRPERSON: Yes. Right. Good. Yes. Well, we'll find out anyway. If they're not, we'll get them. So that's been notified and submissions are closed?

MS LOJKINE: I believe they closed, yes, late last year, I think.

15 MR DORMER: Is the correct title of that document the Regional Environmental Plan?

MS LOJKINE: No. It's the Proposed Marlborough Environment Plan.

20 CHAIRPERSON: Proposed Marlborough Environment Plan.

MS LOJKINE: Yes.

CHAIRPERSON: "Regional" doesn't feature in it?

25 MS LOJKINE: Not that I'm aware of.

CHAIRPERSON: No.

30 MR DORMER: Environment Plan.

CHAIRPERSON: Yes. All right. I think that's as far as we can take that.

MR CROSBY: Can I just raise an issue?

35 CHAIRPERSON: Yes, do. Yes, please.

40 MR CROSBY: I take it from what Mr Lees said in relation to the Blowhole Point North and Blowhole Point South areas that there is an identification of outstanding landscape or natural character features in the Proposed Marlborough Environment Plan that is different from the identification of those sort of characteristics in the existing Marlborough Sounds Resource Management Plan.

MS LOJKINE: It is, as always with landscape, a slightly complicated answer. Under the Marlborough Sounds Resource Management Plan, there are the classification of areas. They are described as areas of outstanding landscape value. And under the operative plan, the headland around the area where the two Blowhole Point sites are located is not identified as an area of outstanding landscape value.

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Under the Proposed Marlborough Environment Plan, the area where the two Blowhole Point sites are located falls within an area that has been identified as the Outer Sounds Outstanding Landscape, which is a very broad area that covers essentially the whole of the outer kind of edge of the Marlborough District in the coastal marine area. The proposed plan separates outstanding landscapes and outstanding natural features. So from a landscape point of view, the sites fall within the Outer Sounds Outstanding Landscape.

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From an outstanding natural features point of view, my opinion is that it is not entirely clear. On balance, I would assume that the two Blowhole Points fall within an outstanding natural feature, but the way the outstanding natural feature is described in the proposed plan is as the waters between Te Hōiere and Kaitera Headlands. The area is not mapped as a singular outstanding natural feature. The Plan has picked up the work that was done by Boffa Miskell in the Marlborough Landscape Study. When you go back and look at that area, they identified broad landscape units, and within each of those areas they tended to say they would identify what they consider to be outstanding natural features, but the only area that is mapped is the much broader unit. So a defined area for the outstanding natural feature, I have not been able to find to date. On balance, because the two Blowhole Point sites occur close to Te Hōiere Headland, the precautionary approach I would take would be to assume that they fall within that defined outstanding natural feature.

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MR CROSBY: Now, you mentioned a line being described as being drawn from Te Hōiere Headland to Kaitera.

MS LOJKINE: It isn't a line, unfortunately.

40

MR CROSBY: Isn't it? Right.

MS LOJKINE: It's just a statement that the outstanding natural feature is the waters between Te Hōiere Headland and Kaitera Headland.

45

MR CROSBY: Right.

MS LOJKINE: And I don't know the geographic extent of those waters. It isn't mapped anywhere.

- MR CROSBY: And Te Hōiere Headland, just for the sake of the record, that's West Entry Point rather than Blowhole Point. Am I right there in my recollection?
- 5 MS LOJKINE: The best way that I can describe it is that where the two Blowhole Point sites are located, the headland that forms the backdrop for those two sites is Te Hōiere Headland.
- MR CROSBY: Right. Well, we can check that on the map.
- 10 MS LOJKINE: Yes.
- MR CROSBY: Thank you.
- 15 CHAIRPERSON: Even though the regulation can't make changes to a proposed plan, would you accept that it's a plan that we have to have regard to in considering the merits of this proposed plan change?
- MS LOJKINE: Yes, absolutely. Yes. And that is, I'm reasonably sure, outlined in section 360B in terms of the decision that the Minister needs to make.
- 20 CHAIRPERSON: Yes.
- MS LOJKINE: He needs to have considered, I'm reasonably sure, a proposed plan as well as the operative plan, presumably to deal with exactly this sort of situation.
- 25 CHAIRPERSON: You say in paragraph 14 of your material today that this proposal gives effect to the objectives and policies of the New Zealand Coastal Policy Statement and to the Marlborough Regional Policy Statement. Dealing with the New Zealand Coastal Policy Statement first, are you able to tell us what provisions of the Coastal Policy Statement this proposal gives effect to?
- 30 CHAIRPERSON: You say in paragraph 14 of your material today that this proposal gives effect to the objectives and policies of the New Zealand Coastal Policy Statement and to the Marlborough Regional Policy Statement. Dealing with the New Zealand Coastal Policy Statement first, are you able to tell us what provisions of the Coastal Policy Statement this proposal gives effect to?
- 35 MS LOJKINE: Probably the first thing to say is that there is a discussion of that outlined in the summary AEE, which would be more detailed than I can give you now.
- CHAIRPERSON: Yes. All right.
- 40 MS LOJKINE: Certainly the major provisions that have been considered are dealing with the policies, first policy 11, which is the one about indigenous biodiversity.
- 45 CHAIRPERSON: Yes.

MS LOJKINE: Policy 13 - hopefully I've got it around the right way - about natural character, and policy 15 about landscape and, of course, their attendant objectives --

5 CHAIRPERSON: Well, the objectives come before the policies.

MS LOJKINE: Yes, of course. Yes.

CHAIRPERSON: Yes.

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MS LOJKINE: And the relevant objective and policy - and I'm afraid I can't remember its number off the top of my head - about tangata whenua.

CHAIRPERSON: All right. And we'll find that analysis in AEE?

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MS LOJKINE: What you will find in the summary AEE is an outline first of the relevant provisions. Through each of the site descriptions and kind of summary assessments that are in the summary AEE, each of those conclude with a high level policy analysis. And it is fair to say that at this stage that has been high level in order to allow the further information that will come through the public consultation and hearing process to add further information to that, to then allow a more detailed and fully developed policy analysis to be completed to advise the Minister.

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CHAIRPERSON: But you would accept again that it's a matter that we need to consider in tendering our advice?

MS LOJKINE: Absolutely. And that is part --

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[12.00pm]

CHAIRPERSON: Bearing in mind the words "give effect to".

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MS LOJKINE: Yes. And I guess that is partly what I was trying to say at my paragraph 15 where, I guess, separate the provisions themselves from the six sites. So I think you may find through this process that a lot of your consideration revolves around whether a particular site will -- including that, will mean that the Plan continues to give effect to the NZCPS particularly, if we use the Blowhole Point sites as an example, around issues of landscape. So if your recommendation after this process was that one or more of the sites would mean that the Plan could not give effect to the NZCPS because of the information that you've heard, then it has been designed so that one or more sites can be removed and regulations can continue.

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CHAIRPERSON: But your evidence at the moment is it does?

- MS LOJKINE: Yes. At a broad and high level, yes.
- CHAIRPERSON: All right then, yes. And I suppose the same goes for the Marlborough regional policy statement which my reading, I recall, is rather an ancient document.
- 5
- MS LOJKINE: It is, yes.
- CHAIRPERSON: Was it 1995 or something?
- 10
- MS LOJKINE: It's something like that, yes.
- CHAIRPERSON: Yes, but it is still the operative document?
- 15
- MS LOJKINE: It is, yes. I think as Ms Allen in her evidence for the Friends of Nelson Haven, who you will hear from in May, the RPS is now a very aged document and I would agree with her in relation to that, but it is the operative RPS.
- 20
- CHAIRPERSON: And the law says it has to be given effect to.
- MS LOJKINE: Yes.
- CHAIRPERSON: And, again, is there an analysis in the summary AEE?
- 25
- MS LOJKINE: In the same fashion as with the Plan, there is an outline of the relevant provisions and there is an identification of policy issues throughout the document.
- 30
- CHAIRPERSON: Right. I think that's about all I wanted to ask of you. Thank you very much indeed. Thank you both.
- MS LOJKINE: Thank you.
- 35
- CHAIRPERSON: Yes. That completes the Ministry's presentation, does it?
- MR LEES: Yes, at this stage but obviously we do have experts who are willing to present to the Panel or to attend workshops.
- 40
- CHAIRPERSON: Yes. When we've got the list from Mr Ironside that might help us and we'll have a look at that. I mean we've got all the information available to us. We'll have a look at seeing who we might need to have at that stage. And, of course, in terms of our directions and our minute the Ministry will have an opportunity at the end of our hearings to make a response on any of the matters that we might want it to in the light of what we hear in the meantime.
- 45
- MR LEES: Okay.

- CHAIRPERSON: Yes. All right, thank you both very much.
- MR LEES: Thank you for your time.
- 5 MS LOJKINE: Thank you.
- MR LEGGETT: Good afternoon, Panel. Look, I haven't got a lot of say and so
timeframe wise --
- 10 CHAIRPERSON: You are, I'm sorry?
- MR LEGGETT: John Leggett's my name. I'm here as --
- 15 CHAIRPERSON: You're the mayor?
- MR LEGGETT: I am indeed.
- CHAIRPERSON: Yes. Thank you very much for coming. Somewhere we've got a
20 statement from you. Here we are, 391. Would you mind giving us
your full name, Mr Leggett?
- MR LEGGETT: My full name is John Craig Leggett.
- 25 CHAIRPERSON: Thank you, and you're the mayor of the Marlborough District Council.
- MR LEGGETT: I am. And if I can point out firstly I appear here following a council
decision for me to present the council's submission today.
- 30 CHAIRPERSON: Right. So you have the council's authority.
- MR LEGGETT: I do indeed.
- CHAIRPERSON: Thank you. Right. Have you got a written statement of any
35 description?
- MR LEGGETT: No, I haven't. I'm going to speak specifically to the submission that's
already been tabled. And, look, I have nine if you like bullet points I
40 want to put forward.
- CHAIRPERSON: All right. If you sort of take it reasonably slow so we can keep a note
for our own purposes.
- MR LEGGETT: Certainly.
- 45 CHAIRPERSON: Yes, thank you.

MR LEGGETT: Council's submission outlines the relevant Marlborough District Council planning documents. I anticipate the Panel members will be familiar with these planning documents and I'm confident that all those participating in this process will have a similar knowledge.

5

In relation to the matters that the Panel is dealing with, council's consistent view has been that salmon farming in Marlborough Sounds must be conducted to achieve the enduring sustainable management of natural and physical resources in the Marlborough Sounds. So that's a clear starting point. Council has supported the aims of the Marlborough salmon working group and has considered the report that was prepared for the Minister. Council acknowledges that the Minister may amend the provisions of the Regional Coastal Plan that relate to the management of aquaculture activities in the coastal marine area, that's section 360 Resource Management Act which I'm sure you're more than familiar with.

10

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CHAIRPERSON: Yes. We've become very familiar with it.

20 MR LEGGETT: I'm sure.

CHAIRPERSON: Yes, thank you.

MR LEGGETT: And council is positioned -- this is the position we're in at the moment. We note from the functions of the Panel set out in the terms of reference that you're able to cast a very wide net in bringing in information on which you'll make your recommendation. Council's position is that the objective should be for all salmon farms in the Marlborough Sounds to implement their Benthic Guidelines, but in saying this those guidelines address the effect of salmon farming on the benthic environment only. Salmon farming can result in other adverse effects on the surrounding environment, including adverse effects on water quality and on landscape natural character, amenity, social and cultural values.

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Council supports the current consultation process, provided the outcome of the process is not inconsistent with part 2 of the Resource Management Act and the provisions of the Marlborough Sounds Resource Management Plan continue to give effect to the New Zealand Coastal Policy Statement. And they're obviously matters the Panel must take into account in making its recommendation to the Minister.

So I suppose what we're saying is you're tasked with the role -- with the opportunity of listening to the various parties that will present and you'll make your position -- your recommendation accordingly, and we respect that process.

CHAIRPERSON: Is that all you want to say?

MR LEGGETT: That's all I need and want to say, thank you.

CHAIRPERSON: All right. Mr Leggett, were you here when I was asking Ms Lojkine about the proposed environment plan.

5

MR LEGGETT: Yes.

CHAIRPERSON: Yes.

10 MR LEGGETT: No, sorry, I wasn't here, no. I just came in at the end.

CHAIRPERSON: Well, we did canvas that with her and we understand that it is truly, in legal terms, a proposed plan on which the submissions have now closed. If you don't know the answer to these questions, and you may not and I certainly wouldn't blame you for that, would you be able to make your planning people available to us. It might be best if we do it that way.

15

MR LEGGETT: Well, look, I'm sure we could accommodate if there are specific questions you want to ask about that.

20

CHAIRPERSON: Yes, well there are really. And it would be helpful -- I don't know if you've got a senior planner or a planner who's in charge of that process.

25 MR LEGGETT: Yes, we do.

CHAIRPERSON: It would be helpful for us to hear from that person I think.

MR LEGGETT: So your questions would be specifically around how the new plan would affect these --

30

CHAIRPERSON: That would be part of it, yes. And we'd be interested in their views about some of the other matters relating to the planning aspects, the technical planning aspects of this matter.

35

MR LEGGETT: In relation to --

CHAIRPERSON: This proposal.

40 MR LEGGETT: This proposal.

CHAIRPERSON: Yes.

MR LEGGETT: Yes. Look, I suppose if we take a step back -- I mean it's normally council that's involved in the decision-making role.

45

CHAIRPERSON: Yes, of course.

MR LEGGETT: And it's very difficult to give views on that until all this -- all the affected parties, or the parties that wish to submit, have been heard.

CHAIRPERSON: We wouldn't expect your planner to do that at this stage.

5

MR LEGGETT: So it would be merely technical --

CHAIRPERSON: There may be an opportunity for that at the end of the hearing. What we're really want to get clear in our minds at the moment is where the various planning instruments sit and fit. We understand, for example, from today's evidence that the proposed plan, which is an instrument that we will have to have regard to, hasn't got a section on marine farming in it.

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15 MR LEGGETT: That's correct.

CHAIRPERSON: So we'd like to know, you know, if that continues will it be promulgated without a section on marine farming, and what will happen to marine farming as far as the present Plan is concerned.

20

MR LEGGETT: Well, that -- yes, I can say that that part of the Plan is still someway off and we're still working through that. There's working groups working on some possible provisions to go out. But, look, if you need one of the planners to tell you that process and where it sits at the moment and some possible timeframes I'm sure we can organise that.

25

CHAIRPERSON: I think that would be very helpful for us. And I think another particular issue that we were addressing with MPI was in terms of that new plan, any particular identifiers of either outstanding landscapes or outstanding natural character, those sorts of issues, particularly in relation to the Blowhole Point locality.

30

MR LEGGETT: Right. Could I ask, would it be convenient for you if that perhaps was after lunch today? I'll see what I can do --

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CHAIRPERSON: It'd be very helpful if you can rustle it up.

MR LEGGETT: So some -- a timeframe would be available?

CHAIRPERSON: Yes, we've got the rest of the day. I think you're the only other people to be heard today. We'll be here. If you could arrange for somebody to come and see us after the lunchtime. And so other parties who are here who might want to hear that need to know, do you think you'll be able to do that?

45

[12.15 pm]

MR LEGGETT: I think so. I suppose it goes with the job, I must be able to pull some strings for you.

5 CHAIRPERSON: How long do you think it might be before you're able -- we'll give you till, what, 2.00 pm or so?

MR LEGGETT: 2.00 pm would be ample time.

10 CHAIRPERSON: Would it?

MR LEGGETT: Yes.

15 CHAIRPERSON: All right. If you're the only other person we'll adjourn the hearing now until 2.00 pm and we'll have an expectation of seeing your --

MR LEGGETT: Okay. I can brief the planning person along the lines of what you want to hear so he should be able to assist.

20 CHAIRPERSON: That'll be really good.

MR LEGGETT: Thank you.

25 CHAIRPERSON: Thank you, and thank you very much for taking the time to come and see us.

MR LEGGETT: It's all right. It's a pleasure.

30 CHAIRPERSON: Right. We'll adjourn the hearings now until 2.00 pm.

ADJOURNED [12.16 pm]

RESUMED [2.00 pm]

35 CHAIRPERSON: Right, Mr Hawes, isn't it?

MR HAWES: Good afternoon, yes. Perry Hawes.

40 CHAIRPERSON: Perry Hawes?

MR HAWES: Yes. I am the manager of environmental policy at the council.

45 CHAIRPERSON: Yes. Thank you for coming, Mr Hawes, particularly at short notice. Have you been briefed as to what we are wanting to hear from you?

MR HAWES: Only insofar as I understand you may have some technical questions of me.

- CHAIRPERSON: Yes. I think the first, and probably the most important matter we wanted to get clear from you, is the situation relating to the proposed environment plan, which we understand doesn't have a chapter in it about - whether it's aquaculture or marine farming, I'm not sure which, there is a conflict there about the wording - how the council, or how you, see that working, assuming for the moment that this proposed plan change to the operative plan actually proceeded and became operative. What would be position then as the council sees it?
- 5
- 10 MR HAWES: Yes. Just to clarify, the process that did occur up until the notification of the proposed Marlborough Environment Plan, the staff did present the council with a completed plan for notification and the council made a decision, acting on legal advice, that the provisions contained in that document with respect to marine farming did not adequately give effect to Policy 8 of the NZCPS and so the council made a decision to remove those provisions that explicitly managed the activity of marine farming --
- 15
- CHAIRPERSON: Was it marine farming or aquaculture?
- 20 MR HAWES: Marine farming. Both our operative documents and our proposed documents use the term marine farming.
- CHAIRPERSON: Marine farming? Right.
- 25 MR HAWES: Correct.
- CHAIRPERSON: So, Policy 8 of this proposed --
- 30 MR HAWES: The proposed plan didn't give effect to Policy 8 and, in particular didn't provide for aquaculture in appropriate locations. So the operative plan and the provisions provided to council, identified areas that were inappropriate for marine farming, through a prohibited overlay, but did not positively provide for marine farming in appropriate locations. So, on the basis of that, the council made the decision to remove any provisions explicitly managing the activity of marine farming, whether that's through enabling provisions or management provisions.
- 35
- CHAIRPERSON: Yes, and ...
- 40 MR HAWES: So, the provisions of the operative Marlborough Sounds Resource Management Plan are still subject to review and the council, as recently as two weeks ago, reinitiated the process of review through the establishment of a working group consisting of the industry and community representatives, and hopefully with some iwi involvement, to --
- 45
- CHAIRPERSON: When did you do that?

MR HAWES: As recently as two weeks ago. So it is just reinitiated. We had our first meeting the week before last.

5 CHAIRPERSON: So why did you do that while this present process is underway?

MR HAWES: Well, as you might appreciate, there are approximately 580 marine farms present in the Marlborough Sounds - it is a very large industry, of which King Salmon makes up a significant proportion - but the council has heard on an ongoing basis a concern from the industry, through the Marine Farming Association, about security of tenure and their desire, particularly for those permit authorised under marine farming license - so they have never been subject to a RMA test before - what is the fate of those consents post 2024. So the council felt that it was important to continue that process, given that is now only seven years away, to actually continue with the process of attending to, fulfilling, its statutory obligations.

CHAIRPERSON: So, just so we've got it, there are a number - I don't suppose you know the number - that are under the Marine Farm Licences, but they were issued under another statute, weren't they?

MR HAWES: Correct. Yes. Prior to the Resource Management Act.

25 CHAIRPERSON: Yes. And then they were grandfathered, or something, weren't they, under the RMA?

MR HAWES: Correct. Yes. They became Deemed Permits.

30 CHAIRPERSON: Deemed Permits, yes, but only for a specific period of time.

MR HAWES: To 2024.

CHAIRPERSON: So, yes, they run out then.

35 MR HAWES: Correct.

CHAIRPERSON: So, you say there are 500-odd --

40 MR HAWES: Approximately 580 authorised marine farms.

CHAIRPERSON: Yes. Including those ones?

MR HAWES: Including those; and I can get you the correct figures, if required, but I think approximately 300 of those would be Marine Farm Licences, or now, Deemed Permits.

45 CHAIRPERSON: Yes.

- 5 MR HAWES: So to come back to your initial question about why did council continue, it is that it is conscious it has a very large industry, in addition to King Salmon's operations, and there is a very strong desire for increased certainty for the remainder of the industry leading up to, and post, 2024, and time is ticking.
- CHAIRPERSON: So is there a timeline now for that process to run along?
- 10 MR HAWES: There is. It's not bound by dates but it is bound by process. So the desire of council is to complete the review in time for the notification of a variation to the proposed plan and, ideally, those marine farming provisions that were notified through the variation would be heard as part of the same process, by the same hearings panel, so in essence, catching up to the current process.
- 15 CHAIRPERSON: And the current process is at what point?
- MR HAWES: Okay. The proposed Marlborough Environment Plan was notified in June 2016; submissions closed on 1 September last year; council has received approximately 13,000 submissions and are looking to notify a summary of decisions requested next month.
- 20 CHAIRPERSON: So the further submission process will start next month.
- 25 MR HAWES: At the earliest, the end of May will be the public notification, and the council has an objective to commence the hearing process in the second half of this year.
- 30 CHAIRPERSON: Okay. So just for the moment, making the assumption that this proposed plan change that we are considering were to proceed and become part of the operative plan, how do you see that working with the newly proposed plan?
- 35 MR HAWES: It would depend on timing relative to that variation but if timing did allow, it could either form part of that variation or, to become a part of the proposed plan, it would have to be a variation in itself and, of course, that would be subject to a first-schedule process.
- 40 CHAIRPERSON: A first-schedule process?
- MR HAWES: Yes.
- CHAIRPERSON: Yes. Can't get it there any other way, really, can you?
- 45 MR HAWES: Not in my understanding of the current law, no.
- CHAIRPERSON: No.

MR HAWES: Section 360 regulation-making powers only apply to an operative plan, as I understand it.

5 CHAIRPERSON: In the recently passed Resource Legislation Amendment Bill, which I think was passed last week, there is a provision, as I recall it - I'm not sure if you are familiar with it - for a truncated form of making changes to plans, in the first schedule, there are two provisions; there is a collaborative planning one and there is another one - the term just escapes me for the moment, what it is - that gives the Minister some powers to make changes to plans.

MR HAWES: Yes. I am only familiar with the collaborative planning route.

15 CHAIRPERSON: Right. Yes. That would be a possible --

MR HAWES: Depending on the nature of those.

20 CHAIRPERSON: Yes, given what has gone before, perhaps. Yes. But your council have not considered that position.

MR HAWES: No, certainly not prior to the passing of the legislation, no.

25 CHAIRPERSON: No.

MR HAWES: No, we believe we have been managing marine farming activity in the Marlborough Sounds for - well, council and its predecessors - for in excess of 30 years and we believe we have got the skills and expertise to achieve the provisions.

30 CHAIRPERSON: Yes.

[2.15 pm]

35 CHAIRPERSON: We had evidence earlier today, Mr Hawes, from Frances Lojkine, who told us that in her opinion the proposed plan changes that we're considering, the regulatory one, gives effect to both the New Zealand Coastal Policy Statement and the Marlborough Regional Policy Statement. There may be some contest about that, but have you a view on those matters? If you haven't, and you want to consider it, we would give you time to do that.

40

- MR HAWES: Look, I have been involved in the Marlborough Salmon working group and what I can relay - and it is reflected in the recommendations that are contained in the report to the Minister - was that, certainly on some Part 2, section 6, matters, there was contest and it was reflected in the recommendation that only some of the working group could support three of the sites, while others could support six. Having considered the material that was provided to the working group and listened to the dialogue through that process, I think there are issues of contest with respect to those three sites. Ultimately, you are the decision maker - you are going to hear submissions and evidence from the various parties involved in this process - and they will be decisions that you will have to make in terms of making a recommendation to the Minister.
- 5
- 10
- 15 CHAIRPERSON: Yes. What I wanted to ask you, more, was not about section 6 matters but more about whether this proposal gives effect to the relevant provisions of the New Zealand Coastal Policy Statement, and the, albeit older now, the Marlborough Regional Policy Statement.
- 20 MR HAWES: I'm probably best not to answer that question because to do so would require me to read the material that all parties have been provided access to and I haven't done that.
- CHAIRPERSON: You haven't? Okay. Good.
- 25 MR DORMER: In reply to the professor's first question - I started making a note and, forgive me, I didn't get to complete it. My note reads, "Marine Farming provision of the proposed plan ..." the one that you withdrew, "... not give effect to ..." and that's where my note finishes with a blank, "...and does not provide for marine farming in appropriate locations". What was it that you said the deleted passage did not give effect to?
- 30
- MR HAWES: Policy 8 of the NZCPS.
- 35 MR DORMER: Policy 8?
- MR HAWES: Policy 8 contains a requirement for councils to provide for aquaculture in appropriate locations and the council wasn't satisfied that the package of provisions that had been provided achieved that end.
- 40 MR DORMER: Thank you.
- MR CROSBY: Just two or three matters, Mr Hawes. Following on from that, my understanding of the answer you gave was that the advice that council had received was that the approach it had taken was a negative, prohibitive approach, rather than a specific provision.
- 45
- MR HAWES: Correct.

- MR CROSBY: Thank you. The next issue is just a practical matter, really, and I want to make sure I've got the understanding right, of the process of the variation and how you see the two possibly merging as a result of the process you are undertaking at the moment. On the timeline that you were just describing to Professor Skelton, you were looking at further submissions, what, concluding at the end of June, something of that order?
- 5
- MR HAWES: Yes, depending on the number of working days provided by the council; yes.
- 10
- MR CROSBY: Right. And presumably, what, hearings of submissions following on from that a couple of months later?
- 15
- MR HAWES: Correct.
- MR CROSBY: Right, which wouldn't give you very much time for this new proposed variation to be notified and to catch up with that process.
- 20
- MR HAWES: Time is a constraint, yes.
- MR CROSBY: So you are really looking at a situation - well, I am surmising - so I should ask a question. Given the number of submissions you have talked about, you presumably are looking at a very long hearing process, are you, during which that variation could catch up?
- 25
- MR HAWES: We haven't completed a summary of submission to date, so I can't say that I'm across all of the submissions and the material they are submitted on. Sixty per cent of the submissions are in support of the notified provisions, or are in support in part but seek some amendment. So, in summary terms, two thirds of submissions are in support of those notified provisions. Of those, there are a small number of issues that have created a large number of submissions. So, it may be that the hearings process isn't as time consuming as what the initial figures would provide. But, I couldn't give you an absolute guarantee without really sitting down and looking through the completed summary of submissions.
- 30
- 35
- MR CROSBY: Okay. The final point that I wanted some clarification on was if you could outline to us whether you have had the opportunity - and you may not have had the opportunity; if you haven't, let us know now and you would have opportunity during the course of these hearings - but have you had an opportunity to look at, in relation to the two proposed Blowhole Point sites what the identification is of either outstanding natural landscape or outstanding natural character features in relation to those two proposed sites in the new plan?
- 40
- 45

- MR HAWES: I'm familiar with the ONFL coverage in the proposed plan as it relates to the two Blowhole Point sites, as I understand it. Both have an outstanding natural landscape overlay applying to them and, appendix 1 of volume 3 of the notified plan contains values. To take a step back, one of the matters that we felt was important through this review was to include identification of values where landscape was identified as significant, so that a test in terms of was there adverse effect relative to the values that made the landscape significant in the first place. So appendix 1, of volume 3 of the notified plan contains those values. From memory the Blowhole Point sites are within -- if you will just allow me to refer to it, I will get you the correct ... Within the landscape unit called Port Ligar, Forsyth Island and Kaitera Headland - that is at pages 5 and 6 of appendix 1 - I can refer to it now - my memory, in particular, relative to these sites, is that whole area is the whole entrance to Pelorus Sound, and so that, in terms of the landscape that assessment that was done for the council, that was one of the important values of that unit, the entry into Te Hōiere, or Pelorus Sound.
- MR CROSBY: Whilst you are here, as an experienced planner with the council and just for the sake of the record, the existing Marlborough Sounds Resource Management Plan, we've been told, doesn't identify those two sites as falling within an outstanding landscape.
- MR HAWES: That's correct. Yes. As part of the review process, council, over a six-year period, undertook a reassessment of significant landscapes throughout Marlborough, not just the Marlborough Sounds, and that review process, including the consultation with affected landowners, did result in additions and subtractions from the operative content. So, for example, in this area, the outer Sounds as a band was identified as significant landscape in itself and that is probably quite a significant change in the context of Marlborough Sounds.
- CHAIRPERSON: And that is in the proposed plan, is it?
- MR HAWES: Correct.
- CHAIRPERSON: I'm sorry, there is another matter that I need to canvass with Ms Lojkine, so I'll get her back to do that, but I'll ask you about it now. In the written comment that your council has made - I presume you had a hand in preparing that ...
- MR HAWES: Yes, I was involved in that process.
- CHAIRPERSON: It is said that you don't see any need for this CMZ 4.
- MR HAWES: Yes.

CHAIRPERSON: And you are seeking that if this plan change proceeds, it is done within the context of the existing zoning.

MR HAWES: That would be council's preference, yes.

CHAIRPERSON: Yes, which I think -- is it CMZ 3?

MR HAWES: Yes. So that CMZ 3 was created as a result of the NZKS EPA application, or Board of Inquiry application. The plan-change request itself sought a CMZ 3 as a salmon farming zone and I suppose it occurs to the council that the addition of a further zone to provide for salmon farming does create a bit of confusion and a lack of integration, when you are managing the same activity in the same environment, against the same statutory tests.

CHAIRPERSON: Would CMZ 3 make it the same category of use?

MR HAWES: If you were just to use the zoning alone, yes, because the CMZ 3 is a discretionary activity. Salmon farming is a discretionary activity.

CHAIRPERSON: Restricted or ...?

MR HAWES: Full discretion.

CHAIRPERSON: Fully discretionary?

MR HAWES: Correct.

CHAIRPERSON: Right.

MR HAWES: As I understand it, the proposal is for restricted discretion. I suppose you may hear evidence through this process about the appropriate status.

CHAIRPERSON: Yes. I'm sure that will be an issue.

MR HAWES: Yes. But if restricted discretionary was retained, there are still ways of actually achieving that status for those sites within the CMZ 3 through, for example, scheduling those specific sites and having rules that apply to those scheduled sites.

MR DORMER: In essence, an essential part of this process is that the consents in respect of some existing farms will have to be surrendered before the new ones could be taken up.

MR HAWES: Correct.

MR DORMER: Would that mechanism fit easily into you existing zone 3?

- MR HAWES: Well, there's no reason why it would into the zone 3 specifically, but, again, if you scheduled those sites you could have had the allocation mechanism within the proposal apply to those scheduled sites.
- 5
- MR DORMER: Yes. You are right.
- MR HAWES: The other thing that isn't consistent between CMZ 3 and CMZ 4 is the very prescriptive nature of the standards that apply as part of this proposal. From memory, it is something like 56 standards and we don't have any other activity that's managed to that level - prescription through such a large number of standards.
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- MR DORMER: But there are standards, aren't there?
- 15
- MR HAWES: Correct, for CMZ 3, yes.
- MR DORMER: For CMZ 3? But you say not as prescriptive is the CM proposed?
- 20
- MR HAWES: Certainly not 56 of them, no.
- MR DORMER: No.
- MR HAWES: But those standards that form part of the CMZ 3 are specific for salmon farming at those locations.
- 25
- [2.30 pm]**
- MR DORMER: Is it appropriate that if the activity was to be granted the more relaxed status of restricted discretionary, rather than full discretionary, that by way of trade-off, if you will, that a greater level of prescriptive standards be imposed?
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- MR HAWES: To a point, but as I have read the proposal, those 56 standards really read as resource consent conditions to me, rather than planned standards. And in fact, they actually have the word condition written in them.
- 35
- MR DORMER: It would add to that, wouldn't it?
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MR HAWES: Yes. But as a restricted discretion; in some ways if you are proactively providing for salmon farming in a zone regardless of what the term was used to name that zone, it's a bit like our operative plan has a port zone or marina zone and you do actually contemplate that activity occurring within the zone. That's the very reason why you are actually proactively zoning it for that activity. In some ways, because of that, I would have anticipated the number of standards to be less, not more, because the test is actually at the time of zoning, not at consenting. So as a decision making body, the Minister would have to satisfy himself that is an appropriate location for salmon farming at that location and, having done so, I would have actually expected the level of matters to be considered to be less.

CHAIRPERSON: Thank you very much, Mr Hawes. Thank you for coming, again, at such short notice.

MR HAWES: No problem.

CHAIRPERSON: Now, Ms Lojkine I should have asked you some questions about this, or we should have. Would you like to come back and tell us why you think there should be a CMZ 4 zone? You have heard our discussion.

MS LOJKINE: Certainly. I think Mr Hawes has summarised the situation well. Really the fundamental reason for the suggestion in the proposed regulation that it be Coastal Marine Zone Four - well, there are probably two fundamental reasons. One is to address the original objective of the proposal to address as many issues at the plan stage as possible, and the disadvantage with the rule framework that is in place for Coastal Marine Zone Three from that perspective is that, as Mr Hawes noted, it is a fully discretionary activity. I take his point that you could call the zone itself Coastal Marine Zone Three but provide a different set of rules within it to provide for each of these sites because the Coastal Marine Zone Three rules that are in place in the Sounds plan are, in a number of respects, site specific. For example, with feed discharges and feed increases, they specify for each of the sites that were included in Coastal Marine Zone Three, what those should be. So they have been designed for each of the sites that were considered as part of that process.

CHAIRPERSON: You said there were two reasons.

MS LOJKINE: That would be the major reason. Forgive me, I am struggling to remember why I said there were two reasons.

MR CROSBY: Give yourself time. Was it related to the relinquishing of consents?

- 5 MS LOJKINE: That actually was not something that had come across my mind, but it is part of the jigsaw puzzle that goes together. I think my second reason was the one that I then accidentally covered, which was that Coastal Marine Zone Three rules were designed very specifically for those sites.
- CHAIRPERSON: For the sites that are covered by that?
- 10 MS LOJKINE: Yes. So that's the Waitata, Kopaua and Ngamahau sites.
- MR CROSBY: Just in terms of that relinquishing of consents, the only way that that could be done, in reality, would be by a plan provision, wouldn't it?
- 15 MS LOJKINE: In my opinion, yes. In order to allocate the space in Coastal Marine Zone Four, for salmon farming, and in order for it not to be an increase in salmon farming space, there has to be a requirement to surrender consents in order to be able to apply for new consents. The best way that I could see to do that was by an allocation mechanism under Part 7 of the RMA, which is what chapter 35B in the proposed regulations does.
- 20 MR CROSBY: The point that Mr Hawes was making, though, that you could nonetheless have still utilised a CMZ 3 description, but with a scheduled identification of sites that required relinquishment of existing consents, that would be a mechanism that would work?
- 25 MS LOJKINE: I think you would still need the specific chapter 35B in the proposed regulations to set out the rule that provides that allocation mechanism, is my understanding. But as I said, I take Mr Hawes's point - and I think he was talking about including a schedule of rules for these sites - as one of your options being to call them Coastal Marine Zone Three but have a specific set of rules that apply to them.
- 30 MR CROSBY: Right. Thank you.
- 35 CHAIRPERSON: Could you not make it a condition of consent that the existing consent is surrendered?
- 40 MS LOJKINE: I think when we were looking at the drafting of it, in order to ensure that the space was relinquished, it needed to be a standard that you had to comply with in order to be able to apply for consent in the first place, was our opinion.
- 45 CHAIRPERSON: Yes. And of course you don't want other people applying for it. Well, it would be prohibited then, wouldn't it?

MS LOJKINE: Yes. It is. The way the proposed regulations are designed is that unless you have applied for consent also to relinquish existing space, marine farming in Coastal Marine Zone Four is prohibited. It is tied very closely.

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CHAIRPERSON: Remind me what Part 7 provides.

MS LOJKINE: Part 7 was the part of the RMA introduced by the aquaculture reform legislation, I believe, about allocation of coastal space.

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CHAIRPERSON: And that has provisions enabling consents to be ...?

MS LOJKINE: I think there is a provision in Part 7 that says that a council can specify an allocation method for space and that is what chapter 35B in the proposed regulations does.

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CHAIRPERSON: Thank you very much. That brings us to the end of our list for today. We will adjourn the hearing now until tomorrow morning at 9.00 am, when we will hear from the harbour master, I think, as the first witness. The hearing will stand adjourned until 9.00 am tomorrow.

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**MATTER ADJOURNED AT 2.39 PM UNTIL
TUESDAY, 11 APRIL 2017**