

Before a Hearings Panel  
Appointed by the Otago Regional Council

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*under:* the Resource Management Act 1991

*in the matter of:* Submissions and further submissions on the Proposed  
Otago Regional Policy Statement (non-freshwater  
parts)

*by:* **Sanford Limited**  
*Submitter # 122*

## Statement of Evidence of Alison Undorf-Lay

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Dated: 23 November 2022

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## STATEMENT OF EVIDENCE OF ALISON UNDORF-LAY

### INTRODUCTION

- 1 My full name is Alison Elizabeth Undorf-Lay.

### QUALIFICATIONS AND EXPERIENCE

- 2 I am the Industry Liaison Manager for Sanford Limited (*Sanford*) based in Christchurch.
- 3 I hold the degree of Master of Science (Resource Management) and have 20 years practical experience working with the Resource Management Act (*RMA*).
- 4 I work in Sanford aquaculture operations across the company. I am responsible for the Sanford submission on the Proposed Otago Regional Policy Statement 2021 (*pORPS*), and for the Sanford open ocean aquaculture (*OOA*) high energy salmon farming site that is located in north east Otago coastal waters.
- 5 In my role as Industry Liaison Manager, and working closely with my colleagues in both the Sanford wild catch fishing and salmon businesses, we have extensive stakeholder engagement in the South Island regions where we operate. In Otago I have been in discussions with three Kai Tahu runaka along the coastline north of Dunedin, and with other local community representatives on our OOA ocean salmon farm proposal. I have also engaged with the Department of Conservation (*DOC*) on its Southeast Marine Protection Plans during the proposed establishment of a new network of marine reserves and protected marine areas along the Otago coastline.
- 6 I am authorised by Sanford to give this evidence on its behalf.

### SCOPE OF EVIDENCE

- 7 The purpose of my evidence is to:
  - 7.1 Describe Sanford's aquaculture business and where we operate;
  - 7.2 Set out Sanford's interest in Otago now and in the future;
  - 7.3 Explain the Government's New Zealand Aquaculture Strategy (*Aquaculture Strategy*)<sup>1</sup> as I understand it and the place of offshore marine farming;

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<sup>1</sup> Available at <https://www.mpi.govt.nz/fishing-aquaculture/aquaculture-fish-and-shellfish-farming/aquaculture-strategy-for-new-zealand/>.

- 7.4 Explain why Sanford chose the Otago region to build its new salmon farm, and describe how this will look;
- 7.5 Explain some of the socio-economic benefits the Otago community is likely to gain from OOA aquaculture and how this can positively affect Otago; and
- 7.6 Offer my summary and conclusions.

### **EXECUTIVE SUMMARY**

- 8 Sanford is a publicly listed seafood company that has a significant interest in aquaculture and has been a salmon producer in Big Glory Bay Rakiura Stewart Island for more than 25 years.
- 9 The stated aim of the New Zealand government's Aquaculture Strategy is to sustainably grow aquaculture so that it is a \$3 billion pa industry by 2035. The largest growth area is forecast to come from open ocean salmon farming.
- 10 In 2020 Sanford lodged an application to build an open ocean salmon farm north east of Otago Peninsula (Project East). It is one of four offshore sites in New Zealand which are currently seeking approvals under the Resource Management Act 1991 (*RMA*).<sup>2</sup> Sanford's proposed Project East new farm includes two Farming Areas that at full development will produce 25,000 GWT<sup>3</sup> annually of King salmon.
- 11 Project East would make a significant contribution to implementing the government's aquaculture strategy and deliver substantive social and economic benefits to the lower South Island, as well as providing a sustainable food protein.
- 12 Sanford is taking a close interest in any proposed amendments to the PORPS that might adversely influence or affect its ability to implement its significant development plans related to offshore King salmon activities in Otago.
- 13 When we set out to design Project East we went to great effort to ensure the site met and was well aligned to the biodiversity related provisions contained in the existing planning framework, including the stringent provisions contained in the New Zealand Coastal Policy Statement that effects on certain biodiversity values be avoided. We also ensured that the site was sufficiently far from the proposed DOC new marine reserves so as not to have an adverse effect. This was not a simple or quick exercise, given the functional and

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<sup>2</sup> The first of these applications, New Zealand King Salmon OOA Blue Endeavour farm was approved last week.

<sup>3</sup> GWT is the weight of the fish before any processing occurs.

operational requirements and investment which is required to establish an offshore salmon farm.

- 14 I understand from **Ms Giles** and **Mr Low** that the Reporting Officer is recommending significant changes to the criteria for determining 'areas' and 'values' of significance, so much so that it will be difficult to know with any certainty what is or isn't likely to be significant. Furthermore, the Reporting Officer is also recommending that the strict 'avoid' adverse effects directive be expanded to cover these areas.
- 15 I also understand from **Mr Low** that the Reporting Officer has recommended that all taoka recognised by tangata whenua within the Otago coastal waters also be afforded the same recognition and avoidance protection.
- 16 In my experience, as a Company person who is often asked to find or review a potential site for a development and who is responsible for working up the AEE and application, provisions like those being proposed by the Reporting Officer are of the kind that we would stay away from. Policies like those proposed by the Reporting Officer are fraught with uncertainty, expensive and litigious. It is my view that the effect of the Reporting Officer's proposed changes is to render the entirety of the Otago coastal marine area uncertain in terms of its use for significant economic activities for the region.
- 17 As an applicant I know from personal experience that this type of 'catch all' policy would make it very difficult to plan and work up an open ocean salmon farm proposal such as Project East, and depending on the extent of the values and areas covered by the proposed new 'avoid' policy direction, it could prevent the development of Project East and other developments of this kind being consented. It is not clear to me if this was the intention of the Council but it is definitely a consequence.
- 18 My submission represents the view of Sanford, and Sanford supports the relief proposed in the evidence of **Mr Low**. I also note and agree with the suggestion in **Mr Low's** evidence of collaboration amongst the relevant stakeholders to refine the proposed provisions.

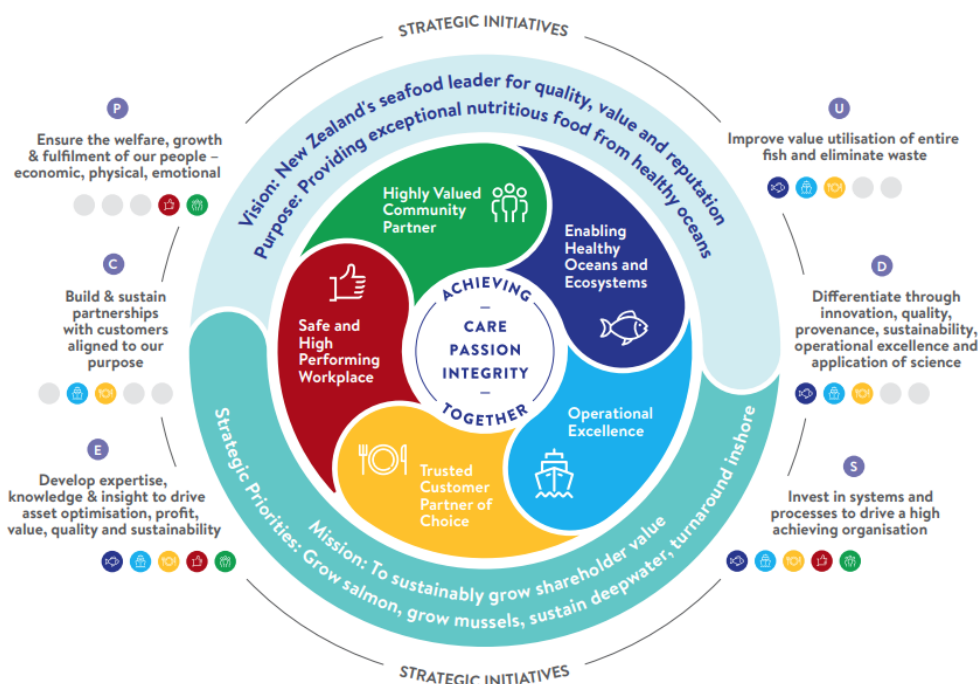
#### **SANFORD AQUACULTURE**

- 19 Sanford is New Zealand's oldest publicly listed company. The company was listed in 1904. It began as, and still is, a wild catch fishing and seafood processing company that diversified into aquaculture in the mid-1980s. Sanford's largest shareholder is Ngai Tahu Holdings, which owns 19.87% of the company.
- 20 Sanford's aquaculture investments include 225 marine farms primarily growing Greenshell mussels distributed across Auckland, Waikato, Tasman and Golden Bay, Marlborough, Canterbury and

Southland regions, a mussel spat hatchery in Nelson and three mussel processing plants in Havelock, Blenheim and Tauranga. Sanford also has a King salmon business that includes fin fish farms in Big Glory Bay, Rakiura Stewart Island, a freshwater salmon hatchery alongside the Clutha River at Kaitangata and a smaller support hatchery inland of Glenavy in South Canterbury, and a salmon processing plant in Bluff.

- 21 Sanford's vision is to be 'New Zealand's seafood leader of quality, value and reputation': Our Why is 'Providing exceptional nutritious food from healthy eco-systems'. Central to both aspirations is our belief that the company and all its staff have a responsibility to do their best for the ocean environments where we operate and the communities that grant us the social licence to undertake our business. In this regard I refer you to **Figure One** below, which shows how Sanford addresses five of the United Nations Sustainable Development Goals.

**Figure One:** Sanford's Business Framework and the United Nations Goals for Sustainable Development

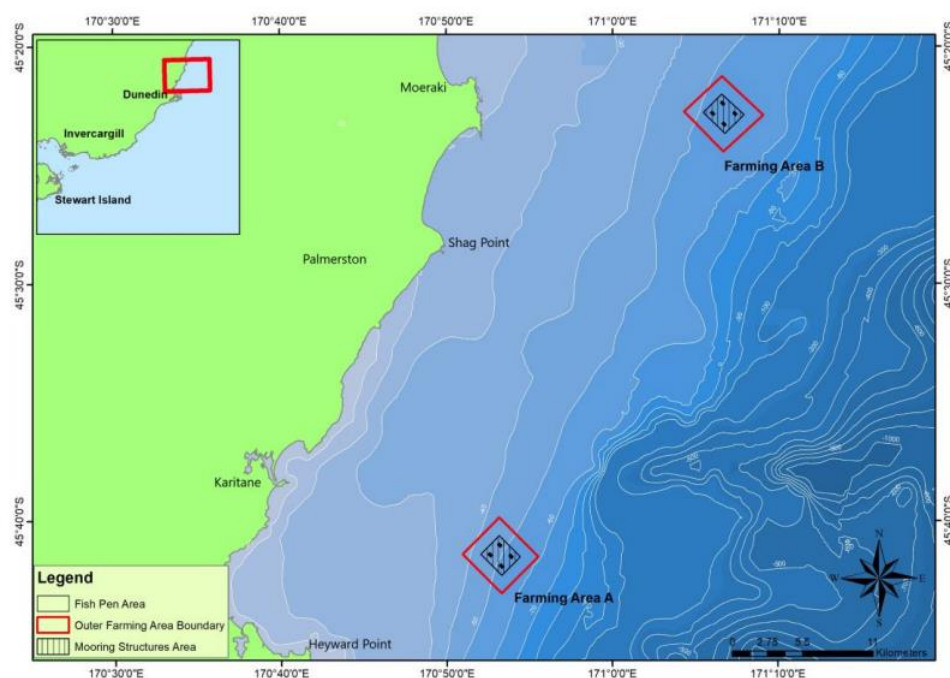


- 22 The way that Sanford conducts itself in its operations and makes plans for future developments such as our Project East open ocean salmon farm in the coastal marine area in Otago is very much at the forefront of my mind when I think about the United Nations global sustainability values and how this is articulated at a local and regional level.

### SANFORD IN OTAGO - NOW

- 23 The Sanford deepwater fishing fleet is based in Timaru and steams through Otago regional coastal waters to get to fishing grounds in the Southern Ocean. Sanford does not fish in the Otago coastal inshore waters (out to depths of 200m), but it does have contract fishers who catch on Sanford's behalf in this area. These fishers are small inshore trawlers that at some times of the year convert their fishing gear to set netting for targeting seasonal species such as rig.
- 24 Sanford does not currently own any marine farming sites in the Otago region. Sanford has applied to develop an open ocean salmon farm north east of Otago Peninsula, and is currently preparing its s92 response in support of the application. I anticipate this application would be ready for public notification in the first or second quarter of 2023. The application is for one OOA site that has two Farming Areas, I refer you to **Map One** below for the location of these sites.

**Map One:** Project East Two Farming Areas



### WHY EXPAND OUR SALMON FARMING OPERATIONS

- 25 The Aquaculture Strategy identifies that New Zealand's aquaculture industry is well placed to help meet growing international and domestic demand for sustainable and ethically produced seafood.
- 26 The Aquaculture Strategy identifies the potential for aquaculture to move from a \$600 million, to a \$3 billion industry in New Zealand by 2035, and be a more significant part of a lower emissions

economy. It notes there are three key drivers that make this goal achievable:<sup>4</sup>

26.1 Maximising the value of existing farms through innovation;

26.2 Extending into high value land-based aquaculture; and

26.3 Extending aquaculture into the open ocean.

27 The Aquaculture Strategy sets out a future where seafood and products that epitomise Brand New Zealand enriches our communities and global reputation and where aquaculture is a much bigger part of the primary sector. The then Minister of Primary Industries, Hon Stuart Nash said, that while New Zealand can't aspire to feed the world it can help meet the growing demand for high quality sustainable produced seafood.<sup>5</sup>

28 The Aquaculture Strategy has said that extending aquaculture into the open ocean is the biggest opportunity for transformational growth. Key to this sustainable growth pathway is to locate areas in the open ocean that are suitable for developing high energy salmon farms.<sup>6</sup>

29 Already New Zealand's aquaculture products are already internationally recognised as being of premium quality, safe to eat and grown sustainably. The global demand for aquaculture consumption is high and trending up. Salmon is no exception. Global production of Atlantic salmon sits at approximately 2.5 million tonnes annually, while New Zealand is now producing over 15,000 tonnes of King salmon.<sup>7</sup>

30 King salmon is a niche product and is less than 0.002% of total global salmon production. New Zealand salmon producers are privileged to be growing what is widely considered the world's best tasting salmon. King salmon as a species is creamy, smooth and rich in taste.

31 The graphs produced below as **Figure Two**, provided by Aquaculture New Zealand show global growth in salmon production, and where New Zealand's exported salmon products go, noting that

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<sup>4</sup> Aquaculture Strategy, pp 4-5.

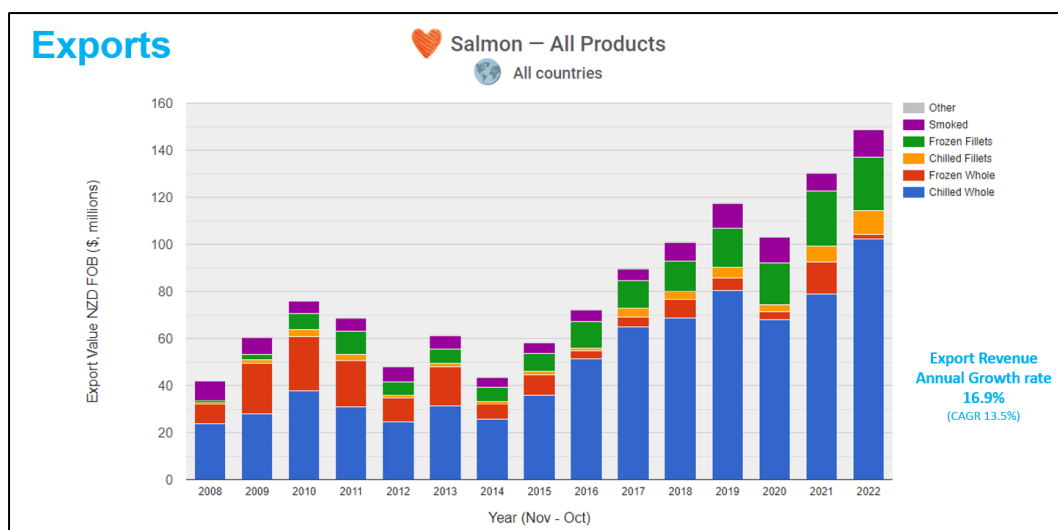
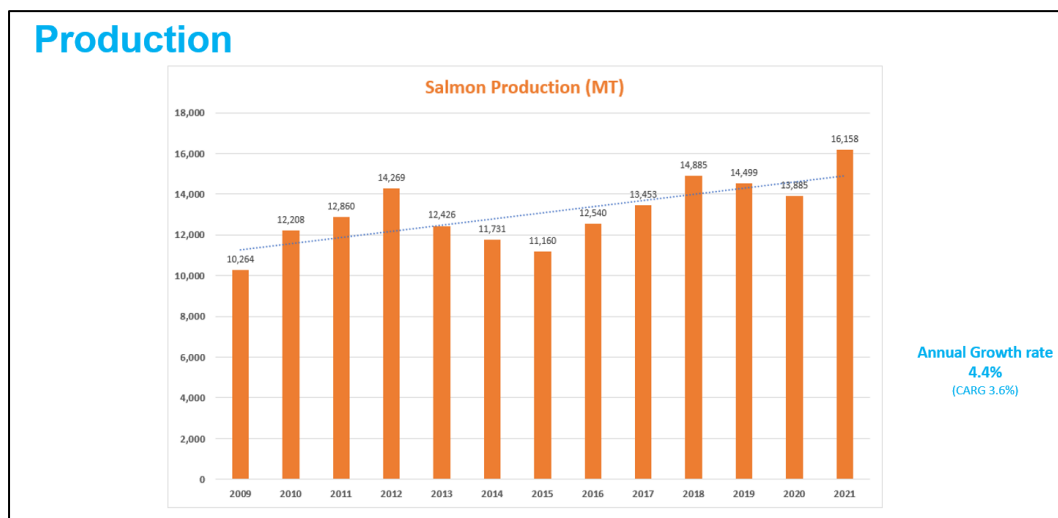
<sup>5</sup> Aquaculture Strategy, p 3.

<sup>6</sup> Aquaculture Strategy, pp 5 and 12-13.

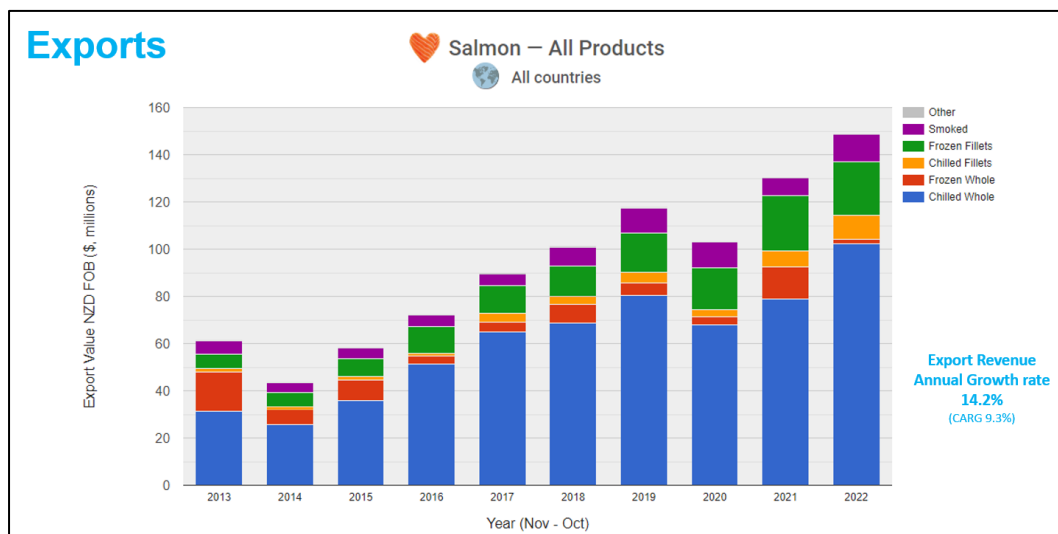
<sup>7</sup> Data sourced from communications with Gary Hooper, Chief Executive, Aquaculture New Zealand, 23 November 2022.

50% of Sanford's salmon production (down from 98% pre Covid) is supplied fresh into the domestic, New Zealand market.

**Figure Two:** AQNZ salmon production

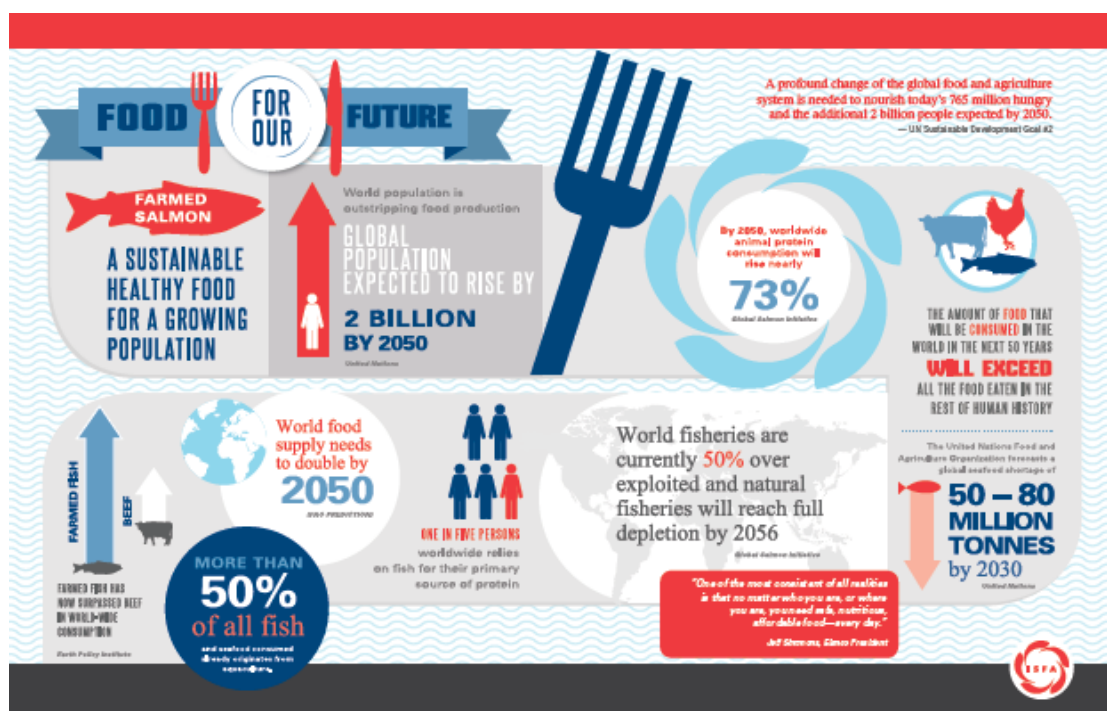






- 32 Demand for premium seafood is high and expected to grow. Sanford is already producing about 25 million salmon meals a year (2021) and is confident that once we have more water space we will be better able to supply into the global market. Currently demand for King salmon significantly exceeds product availability.
- 33 **Figure Three** below, which has been produced by The International Salmon Farmers Association sets out the demand for seafood protein in the future.

**Figure Three** Food for Our Future



## **WHY DID SANFORD CHOOSE OTAGO REGION TO EXPAND ITS SALMON FARMING OPERATIONS?**

- 34 Sanford went through an extensive multiyear search using international experts to locate suitable open ocean salmon farming sites in the South Island, south of Timaru. With these experts we worked up and lodged applications for two sites and have invested more than three years into the applications to date. One site is in Otago and the other site is in Southland.<sup>8</sup>
- 35 The two sites are designed to complement Sanford's existing Big Glory Bay King salmon operation and will enable the Company to make efficient use of (and grow) its already significant salmon infrastructure in the lower South Island, including the fleet of support vessels, hatcheries and the processing plant and our local skilled workforce.
- 36 Within Otago, Project East was identified as an ideal site for an open ocean salmon farm because it has:
- 36.1 Suitable water depth;
  - 36.2 Suitable water quality and coastal conditions (currents, wave heights and water temperatures);
  - 36.3 Avoids locating within, and providing a buffer from coastal protection areas, marine reserves, other known areas of significant environmental and cultural value and outstanding natural features and landscapes;
  - 36.4 Access to onshore port facilities and yards;
  - 36.5 Access to medium size communities for staffing and contracting services; and
  - 36.6 Both farming areas (and the pens within those areas) are located for farm servicing and fish husbandry needs.
- 37 Sanford, in consultation with our international experts who are advising us on this development, is working on the configuration designs for our farming areas so that it meets high health and safety standards for our staff and fish welfare. Achieving both in a high energy site is demanding and needs flexibility.

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<sup>8</sup> Project East is located at the eastern end of Foveaux Strait.

### **DESCRIPTION OF THE PROPOSED OPEN OCEAN FARM**

- 38 Project East will farm up to 24,000 GWT of King salmon per year using two Farming Areas in the open ocean that are discrete from each other, but in relatively close proximity and intended to operate as one integrated business. Each of the Farming Areas will:
  - 38.1 Be developed in stages, that at full development would contain no more than two sets of 12 pens serviced by its own barge;
  - 38.2 Use circular structures (pens) that can be submerged below the wave energy, that have a nominal 120 circumference;
  - 38.3 Be interconnected by a grid of subsurface lines and mooring ropes, attached to the ocean floor using conventional screw anchors; and
  - 38.4 Be serviced by a feed barge with feed being delivered to each pen via a pipe/hose system.
- 39 The total surface area that the pens and associated grid system and the barge would occupy within each of the two Farming Areas would be no more than 67.76 hectares, and with the subsurface mooring lines the total area occupied by structures at each of the two Farming Areas would be no more than 477.36 hectares:
  - 39.1 Farming Area A is 41 to 50 meters deep with a benthic of deep sand and mud/sand and gravel/sand; and
  - 39.2 Farming Area B is 48 – 61 meters deep with a benthic of deep sand/gravel and gravel/sand.
- 40 Benthic surveys at both Farming Areas revealed low organic content, and sonar side scans showed a gentle slope downward from the coastline to the edge of the continental shelf (which is about 10km away). The marine environment where the two Farming Areas are located is strongly influenced by the Southland Current, which flows northwards over the continental shelf and brings a cold water from the sub Antarctic region and subtropical water from the Tasman Sea. Sanford farming experts believe that Project East's water and temperature mix is ideal for farming King salmon.
- 41 The physical development of an open ocean salmon farming in such a high energy environment is a very significant financial investment of capital, both on-land and at-sea and includes additional hatchery capacity, new wharf services, fish processing capacity, farm servicing and contractors. Sanford's commitment to this application and its ongoing investment in the site and infrastructure trials is evidenced of how positively with view the future for the industry.

## **SOCIAL AND ECONOMIC BENEFITS**

42 I have been involved in all the consultation on Project East, it has been my experience that Sanford's application has been well received. People have understood the size and scope of the development and the work that we have undertaken. While people have asked questions I have not experienced strong objection. This is not surprising to me, as in my experience Sanford and its business is held in high regard within the regions in which we operate.

43 The 2015 Government review of the social aspects of aquaculture in Southland provide an example of this stating the following:<sup>9</sup>

*'the social effects in Stewart Island and Bluff are remarkable for their positive nature. Despite participants being asked about negative effects experienced, nothing remotely significant was described. Instead, a highly positive and significant social picture has emerged, where the companies and employees have jointly contributed. There is no doubt that the communities for Stewart Island and Bluff are significantly socially richer due to the presence of aquaculture.'*

44 While Sanford has traditionally been silent on work force numbers and FTE new jobs, the open ocean farm will make a significant contribution to the regional economies of both Otago and Southland. Sanford's existing salmon business employs 142 FTEs producing about 5,000 GWT and generated an annual profit of \$23M in FY2022.<sup>10</sup> The Project East economic opportunity is significantly more, the Government has put the value of a 10 hectare salmon farm at \$40M in annual revenue and Project East contains approximately 120 hectares.

## **SUMMARY AND CONCLUSIONS**

45 It is my evidence that the effect of the Reporting Officer's recommendations which extends the criteria of significance and adopts a blanket 'avoid' policy approach will render the Otago coastal marine area unusable for developments in aquaculture and, as such, preclude consideration of applications and associated social and economic wellbeing effects. In my view this would be an undesirable outcome for the Otago region's communities.

**Dated: 23 November 2022**

**Alison Undorf-Lay**

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<sup>9</sup> *The Social and Community Effects of Aquaculture: A case study of Southland aquaculture*, MPI Information Paper no: 2015/06, June 2015, p 5.

<sup>10</sup> Sanford FY22 Investor Presentation, 15 November 2022.