

17 December 2021

Hon David Parker  
Private Bag 18041  
Parliament Buildings  
Wellington 6160

Dear Minister

**RE: ARIKI TAHI (SUGARLOAF WHARF) UPGRADE PROJECT**

Thank for your letter dated 3 December 2021 regarding your consideration of the referral application by Ariki Tahi Sugarloaf Wharf Limited (ATSWL) for the upgrade of Ariki Tahi in Coromandel Harbour. The purpose of this letter is to provide a response on behalf of ATSWL in relation to the further information you have requested.

Each of the requests for further information are addressed individually below:

***Additional information on the number of full-time equivalent jobs which will be created which are directly related to the project***

The upgrade of Ariki Tahi will generate longer-term employment of up to 879 new jobs, including:

- Direct Employment:
  - Up to 286 new jobs in marine farming;
  - Up to 81 new jobs in processing harvested product; and
- Indirect Employment:
  - Approximately 512 new jobs from the on-water development.

In addition, the upgrade of Ariki Tahi will involve 95 construction jobs over the period of works on site (which will be approximately 18 months to two years).

Further analysis and detail on the employment impacts that will be generated by the proposed upgrade of Ariki Tahi is provided in **Annexure A** to this response.

***Information on whether any consents will be required under the Operative Thames Coromandel District Plan and the Waikato Regional Plan (excluding coastal permits)***

The rules in the Operative Thames-Coromandel District Plan (*Operative Plan*) only have legal effect where the equivalent rules in the Proposed Thames-Coromandel District Plan (*Proposed Plan*) are still subject to appeal – as per section 86F of the Resource Management Act 1991 (*RMA*).

The remaining appeals on the Proposed Plan have been reviewed and they are limited to matters that do not impact the rules applicable to the upgrade of Ariki Tahi. In this regard, there are no rules relating to the Marine Services Zone in the Proposed Plan that are the subject of appeals. Likewise, none of the district-wide rules applicable to the upgrade of Ariki Tahi are subject to appeals either.

In light of the above, it is concluded that no resource consents are required under the Operative Plan.

With respect to the Waikato Regional Plan, it only has applicability to works on the existing wharf structure. The only works requiring consideration under the Waikato Regional Plan relate to soil disturbance activities (i.e. the moving or removing of soil and earth) given that the existing wharf structure is located within a 'High Risk Erosion Area' - it is within 50 m of the Coastal Marine Area. The most restrictive activity status that applies to these works under the Waikato Regional Plan is discretionary (Rule 5.1.4.15).

The Waikato Regional Plan also regulates the use and discharge of cleanfill material to land. The definition of cleanfill includes inert materials used in construction projects such as sand, gravels and roading aggregate. As the proposal will need to utilise such material as part of improving and lifting the basecourse on the existing wharf, resource consent is also required as a discretionary activity in accordance with Rule 5.2.5.6 of the Waikato Regional Plan.

The necessary resource consents required under the Waikato Regional Plan will be sought at the same time as the coastal permits required under the Waikato Regional Coastal Plan.

***Information on how you expect the project to pass the 'gateway tests' in section 104D of the Resource Management Act 1991***

A consent authority can only grant a resource consent for a non-complying activity under section 104D of the RMA where:

- > The adverse effects on the environment will be minor; or
- > The application is for an activity that will not be contrary to the objectives and policies of the relevant plan.

A summary of how the proposal aligns with each limb of section 104D of the RMA is provided as follows. However, a more fulsome analysis can be provided if that would assist.

### Minor Effects

An assessment of the actual and potential environmental effects associated with the proposal has been undertaken as part of the draft technical assessments that have been commissioned by ATSWL. In summary, these assessments conclude that:

- The proposal is being undertaken in a modified part of the coastal environment;
- The proposal, including the dredging, is not being undertaken in a location that is identified as having significant or notable ecological values;
- Water quality effects during dredging operations can be appropriately controlled and managed in accordance with best practice and turbidity limits etc;
- The site is not in an area of outstanding natural character or landscape values, and visual amenity effects will largely be limited to the immediate surrounding environment (and will not be out of character with activities already present in this environment);
- Operational noise effects will be managed in accordance with the best practicable options, and management practices will be enforced via an Operations Management Plan that will apply to all commercial operators at Ariki Tahī; and
- Construction effects will be temporary and managed in accordance with accepted management protocols.

Overall, and when considered on a holistic basis in accordance with case law,<sup>1</sup> it is concluded that any adverse effects of the proposal on the surrounding environment will be no more than minor in conjunction with the implementation of the consent conditions proposed by ATSWL (recognising that minor adverse effects can include those that are less than major and those effects that are more than simply minute or slight).

### Objectives and Policies

Particular consideration has also been given to the objectives and policies of the Waikato Regional Coastal Plan and the Proposed Plan in term of section 104D(1)(b) of the RMA – these being the ‘relevant plans’ for assessment under the second gateway test.

These documents are discussed as follows:

The Waikato Regional Coastal Plan includes several objectives and policies related to the preservation of natural character, significant vegetation and habitats, amenity, coastal processes, and marine water quality. In general, these provisions seek to:

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<sup>1</sup> For example, *SKP Incorporated & Anor v Auckland Council* [2018] NZEnvC 081 – Para 49.

- Preserve natural character and protect it from inappropriate development;
- Recognise that the use, occupation, and development of coastal space is appropriate to meet the social, economic, and cultural wellbeing of communities;
- Protect areas of significant indigenous vegetation and significant habitat of indigenous fauna;
- Avoid the introduction of any exotic plant species where that plant is not already present, and ensure that the adverse effects of any existing exotic plant species are remedied or mitigated;
- Maintain or enhance amenity and heritage values within the coastal marine area;
- Protect the integrity, functioning and resilience of coastal processes from the adverse effects of use and development; and
- Maintain or enhance water quality in the Coastal Marine Area.

Consistent with the summary of potential environmental effects noted above, it is considered that these environmental expectations can be satisfied as part of the upgrade of Ariki Tahi.

In respect of reclamation, section 7.4 of the Waikato Regional Coastal Plan contains two policies of particular relevance. Policy 7.4.1 sets out the circumstances in which reclamations would be considered to be inappropriate (and any adverse effects should be avoided as far as practicable). Those circumstances are:

- Where the reclamation does not demonstrate the efficient use of the CMA by using the minimum area required;
- Where it can be demonstrated that there are alternative land-based sites available;
- Where the purpose of, or the activity to be carried out on, the reclamation or drainage does not have a functional need to be located in the CMA;
- Where the reclamation does demonstrate benefits to the regional or local community in terms of social, economic or cultural well-being;
- Where the reclamation introduces marine influences into a geologically unsuitable area;
- Reclamation that creates an unacceptable deterioration in water quality;
- Reclamation which adversely affects natural coastal processes; or
- Which has the potential to exacerbate natural hazard risk.

Based upon the technical assessments commissioned by ATSWL, none of these circumstances are applicable to the expansion of Ariki Tahi. In this instance, it is considered that the reclamation associated with the proposal will not have inappropriate environmental effects and there are no alternative

land-based sites that can provide for the expected expansion of aquaculture product from the Firth of Thames / Hauraki Gulf.

Policy 7.4.2 of the Waikato Regional Coastal Plan also requires that materials used in reclamations contain no contaminants which *“are likely to, or have the potential to adversely affect the CMA”*. The policy also sets out that the retaining walls associated with the reclamation be structurally sound. As the reclaimed area will consist of dredged material from the Coromandel Harbour (which have been tested and assessed as being below the relevant background levels for contamination) it is not considered that the reclamation will involve materials that may adversely affect the Coastal Marine Area.

Overall, it is considered that the proposal is consistent with, and certainly not contrary to, the objectives and policies of the Waikato Regional Coastal Plan.

With respect to the Proposed Thames-Coromandel District Plan, the upgrade of Ariki Tahī aligns with the relevant objectives and policies of the Industrial Area (which includes the Marine Service Zone). This proposal will enhance the marine industry in the Thames-Coromandel District and will have significant economic benefits, while a number of measures are proposed by ASTWL to mitigate the potential for adverse effects on the surrounding environment (including via an Operations Management Plan).

The upgrade of the Ariki Tahī will also align with the relevant objectives and policies regarding the coastal environment in the Proposed Plan. In this regard:

- The proposal provides for the health and safety of users of Ariki Tahī through the separation of commercial and recreational users, while also maintaining public access to the Coastal Marine Area;
- There will not be significant effects on indigenous biodiversity as a result of the proposal;
- Coastal hazard risk and climate change have been factored into the design of the wharf upgrade;
- The Cultural Impact Assessment by Ngaati Whanaunga has confirmed that mana whenua are comfortable with the proposal, provided recommendation mitigation measures are implemented; and
- Ariki Tahī is not located in an area with outstanding natural character or landscape values, and it is considered that the potential visual and landscape effects of the upgrade to be appropriate in light of it already being a modified environment.

It is also considered that the transport provisions of the Proposed Plan will be achieved by the upgrade of Ariki Tahī given that improvements are proposed to the entrance to the site.

Overall, it is also considered that the proposal is consistent with, and not contrary to, the objectives and policies of the Proposed Plan.

#### Section 104D Conclusion

In light of the above, it is considered that both limbs of the gateway test under section 104D of the RMA can be satisfied and that there is no impediment to the granting of the resource consent for the upgrade of Ariki Tahi.

#### ***Details of the Provincial Growth Funding arrangement for the project, including any conditions on the funding***

The Provincial Growth Fund has invested s 9(2)(b)(ii) in equity funding into ATSWL, via PGF Limited. Ownership of ATSWL is split equally (33.33%) between PGF Ltd (owned by the Ministry for Business, Innovation and Employment), the Coromandel Marine Farmers Association and Thames Coromandel District Council.

The Provincial Growth Fund invested in the proposal as it will provide:

- Improved efficiency (i.e. reduced waiting time) of vessels servicing marine farms;
- The creation of jobs during construction;
- The creation of new jobs in the marine services / aquaculture industries in the Waikato / Bay of Plenty Regions (at full development of consented mussel farming space in the Firth of Thames / Hauraki Gulf);
- Improved recreational infrastructure;
- Climate change resilient infrastructure;
- The growth in green shell mussel production from 25,000 tonnes per annum to 42,000 tonnes per annum in the next 10 - 15 years; and
- A catalyst for further investment in vessels and related services, including processing.

The funding conditions for the upgrade of Ariki Tahi included:

- Securing at least an additional s 9(2)(b)(ii) co-funding [COMPLETED – addition funding secured from the Waikato Regional Council Regional Development Fund];
- Adopting a levying policy (for ATSWL to levy marine farmers in respect of future operating costs) [COMPLETED];
- Completing an operating agreement between ATSWL and the Thames-Coromandel District Council, which will operate the facility [UNDERWAY – TO BE COMPLETED IN QUARTER ONE OF 2022];
- Securing all necessary resource consents (prior to the release of tranche two of funding); and

- The appointment of a construction contractor and quantity surveyor acceptable to the Ministry for Business, Innovation and Employment [PROCUREMENT TO COMMENCE ONCE RESOURCE CONSENTS GRANTED].

***A more comprehensive plan of the project footprint detailing the land status within it, the status of any pending titles and whether there are any issues related to this that might delay the ability to lodge resource consent applications in the event the project is referred***

A more detailed plan illustrating the project footprint relative to the existing legal status of land surrounding Ariki Tahi is attached as **Annexure B** to this letter.

There are no pending titles in relation to the existing extent of Ariki Tahi or the proposed reclamation area, such that there are no impediments to the lodgement of resource consent applications for the proposal.

Please do not hesitate to contact the undersigned should you wish to discuss any aspect of the above further.

Yours sincerely



Richard Turner

Mitchell Daysh Limited (on behalf of Ariki Tahi Sugarloaf Wharf Limited)

s 9(2)(a)



Date: 24/11/2021

## **Sugarloaf Wharf - Economic Impact Assessment: Additional Detail**

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In 2019, Market Economics (M.E) prepared an economic assessment for the Sugarloaf wharf project and considered the economic impacts as well as the cost-benefits relationships. We understand that the client now wishes to have more visibility of the employment breakdown. The main questions associated with the employment breakdown are:

- What are the types of jobs created, and which industries?
- What is the split between industry on a numbers basis?
- Where are they created?
- When might these roles come online?

The analysis draws on the 2019 modelling, and we have not updated the underlying modelling structure, input assumptions, or adjusted it for inflation. The limitations and caveats outlined in the original report still apply.

The employment effects of the wharf investment span two key parts – the one-offs and the ongoing impacts. These relate to the construction and building stage and then the facilitated activity that are 'new, annual' activities. The main difference between these parts is the temporal features, i.e., short term compared to long term and continuing.

With reference to the first bullet point about the type of jobs, the existing modelling framework covers a sectoral breakdown, but the type of jobs (occupations) is not included in the model. The other points are addressed.

### **Employment impacts**

The employment impacts are associated with the level of activity that is undertaken. The modelling uses the new activity (construction and ongoing) to estimate how that new level flows throughout the entire economy. In turn the relationship between economic activity (GDP) and employment is used to estimate the number of supported jobs. That is, the estimated employment shows the level of jobs that would be supported across sectors to deliver the goods and services associated with all the flow-ons. It is important to note that the economic model is comparative static, that is, it estimates the activity on a with and without basis. The model does not reflect the economic transition pathway. For example, there is a lag between when the construction activity starts, when workers get paid, and when they then spend their wages and salaries. The employment impacts that are reported for a specific year is the employment impact that will be supported by the economic activity that is associated with the shock taking place in that year. The model looks at the backward linkages and reports the level of activity that is needed to support (in response to) in the lift (shock). Regardless, there is a reasonably alignment between when the economic shock (initial investment in the wharf and vessels) occurring and when the flow-on impacts are felt.

The following table (Table 1) summarises the sectoral employment impacts in years five, ten, and at the end of the assessed time period. The table provides a breakdown of the direct and indirect impacts, as well as the total impacts. The different impacts include:

- Direct impacts, which are generated by direct spending that occurs, sustaining a certain quantity of direct employment to meet these needs,
- Indirect impacts occur when suppliers to the directly impacted businesses must increase their production to meet the increase in demand for goods and services. This requires the further purchase of other goods and services from their suppliers, along with additional labour.



- Induced impacts, cover the additional wages, salaries and profits paid into the economy, thereby inducing additional expenditure, such as spend on retail or services. Businesses either directly or indirectly impacted, are assumed to be operating at maximum capacity and therefore additional demand causes them to either hire additional workers or pay overtime. This means more money is available to households in the economy. The induced effect covers how this money then flows through the system as households increase their spending.

**Table 1: Employment by sector, over time (one offs and ongoing)**

Economic Sector	Direct and Indirect Employment			Total Employment (Includes Induced)		
	5y	10y	At end	5y	10y	At end
Primary Sector	64	153	270	69	166	286
Mining and Quarry	0	0	0	0	0	0
Manufacturing	50	98	53	59	121	81
Utilities	1	2	2	2	5	6
Construction	3	46	10	7	56	23
Wholesale trade	7	21	22	14	40	44
Retail Trade	5	12	17	29	72	90
Accommodation and food services	2	4	6	17	43	52
Road transport	8	19	28	13	31	42
Information media and teleco	1	3	3	4	10	11
Finance	2	5	6	7	18	22
Insurance and funds	5	11	18	7	18	26
Rental, hiring and real estate services	8	21	25	17	44	52
Administrative and Support Services	5	13	15	12	30	36
Professional Services	1	2	2	2	5	6
Government Admin (local and central)	1	3	4	5	12	15
Education and training	0	1	1	10	25	30
Health care and social assistance	0	1	1	3	9	10
Arts, Rec., Personal & Other services	9	18	26	16	34	46
<b>Total</b>	<b>172</b>	<b>433</b>	<b>510</b>	<b>295</b>	<b>741</b>	<b>879</b>

In year five, the direct and indirect impacts account for 172 jobs with most of these in the primary sector (64) and the manufacturing sector. This aligns with the farming activity as well as the processing. When the induced impacts are included, the primary and manufacturing sectors remain the two largest by employment at 69 and 59, respectively, with small increases from the induced impacts. However, the total impact across all sectors rises to 295 jobs, with a wider range of sectors having noticeable employment impacts. This is expected as the induced impacts occurs when workers spend their wages and salaries and is highlighted by retail trade employment having a total impact of 29 jobs, up from the 5 jobs attributed to the direct and indirect impacts.

By year ten, the ongoing operation continues to scale up mirroring the capital expenditure profiles (i.e. investment in infrastructure, farming and vessels and then switching to ongoing farming-processing activities). Overall, this sees direct and indirect employment impact of 433 jobs, and 741 jobs when the induced impacts are included. Similar to year 5, primary and manufacturing sectors have received the largest employment impacts by sector and retail trade also has a significant impact when the induced impact is included.

At the end of the assessed period, in year thirty-five, the ongoing operation has reached its peak (and operates at the anticipated levels) with direct and indirect employment at 510 for the year, increasing to 879 when induced impacts are included. The primary sector continues to receive the largest share of the impacts with 270 jobs from direct and indirect impacts, and with the inclusion of induced, a total employment impact of 286 jobs in the year. As there is no activity related to capital expenditure, construction sees a lower overall scale. The activity that is seen relates to the wider economic activity (and the larger economy) that now



requires construction. However, sectors which benefit from the induced impacts of works spending wages and salaries, such as retail trade, are projected to experience larger employment impacts as the ongoing operation is at a larger scale with more workers employed directly and indirectly, therefore, seeing more induced impacts directed towards these sectors.

In the following figures (Figure 1 Figure 2), the annual sectoral employment impacts are shown across the assessment period. The sectors have been aggregated into four broad sectors. The first graph shows the annual direct and indirect employment impacts, while the second shows the annual impacts which includes the induced impacts on top of the direct and indirect impacts.

Figure 1: Employment impacts over time (Direct and Indirect)

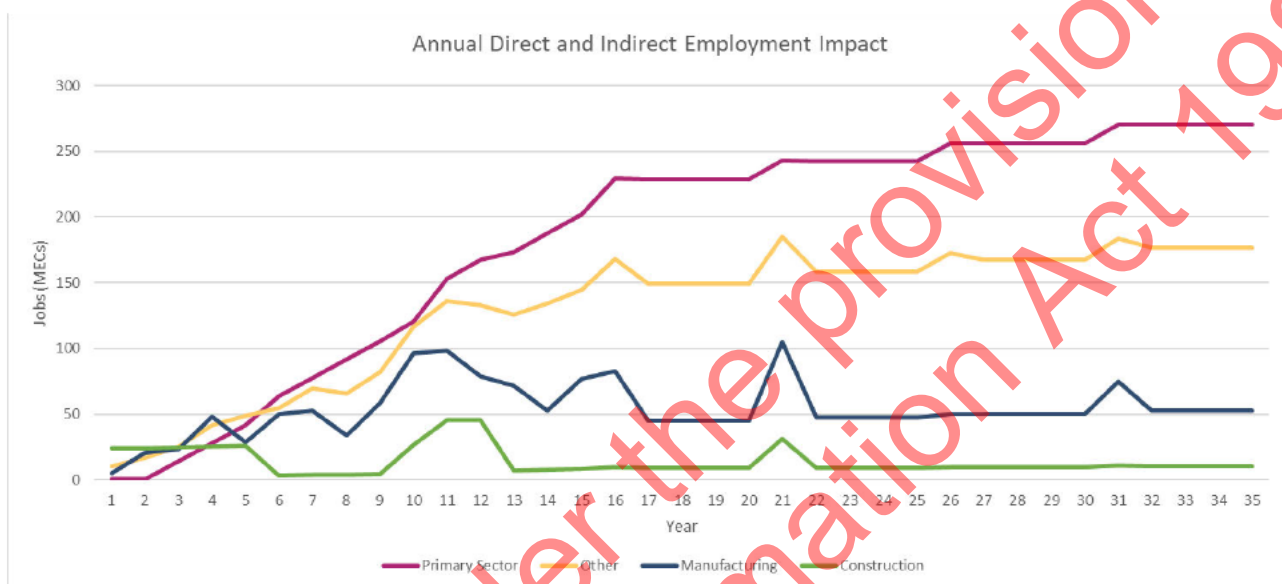


Figure 2: Employment impacts over time (Direct and Indirect and Induced = Total)



The direct and indirect employment impacts see a gradual increase in primary sector employment, associated with the ongoing operation, as the operation builds up in scale to year 15. Importantly, this employment is not solely from the farming activity (but it is liable to be a large share). From there, three small spikes are evident. These align with the recapitalisation and capacity increase through the additional capital expenditure. The periods where activity associated with capital spending are visible through the peaks in the manufacturing, construction, and other sectors.



For the total employment impacts, the primary sector employment is a fairly similar level, along with the employment in manufacturing and construction. However, there is a notable increase in the 'other' sectors. This is attributed to the induced impacts flowing to a wider range of sectors as workers spend wages and salaries, and as household spending impacts the economy. The overall patterns in the total impacts largely follow those identified in the direct and indirect impacts as noticeable increases in the employment impacts occur as the operation increases in scale and the periods when capital expenditure activity occurs.

The spatial distribution of the employment impact (at the peak) for the different components are shown in the following table (Table 2). Note the figures are not additive because peak employment does not align over time. Again, the direct and indirect, and the total impacts are differentiated.

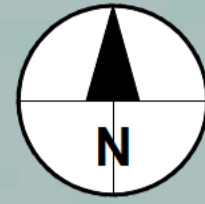
Table 2: Spatial distribution of the employment impacts (at peak)

	CAPEX						Ongoing
	Wharf	Mussel Farms	Vessels	Factories	Transport	Hatchery	Exports
Direct and Indirect Impacts							
Thames-Coromandel	11	7	2	13	0	10	86
Rest of Waikato	3	2	2	9	1	9	48
Tauranga City	1	0	6	13	1	11	171
Rest of Bay of Plenty	1	0	2	6	1	7	38
Auckland	21	12	10	32	3	49	98
Rest of New Zealand	2	1	6	6	0	17	69
Total	40	22	29	78	6	103	510
Total Impacts (includes Induced)							
Thames-Coromandel	13	7	2	15	0	12	101
Rest of Waikato	7	4	5	16	1	16	102
Tauranga City	2	1	8	17	1	15	214
Rest of Bay of Plenty	2	1	3	8	1	9	61
Auckland	39	21	20	60	7	85	234
Rest of New Zealand	8	3	12	18	1	35	167
Total	71	37	51	134	11	172	879

The ongoing operation is projected to peak over the long term. Once the full level of production is reached, the annual direct and indirect employment impact is projected to be around 510 jobs, which increases to 879 when the induced impacts are included. The largest share of direct and indirect jobs is projected to be received in the Tauranga City region (171), followed by Auckland (98) and Thames-Coromandel (86). The total employment impact at peak sees a more even spread across the regions, however, the regions with the largest shares are Auckland (234), Tauranga City (214), and Rest of New Zealand (167). Thames-Coromandel receives a small share of the induced employment impacts with 101 jobs; however, the Rest of Waikato sees a larger increase on the direct and indirect jobs with a total impact of 102 jobs.

ISO A1 594mm x 841mm

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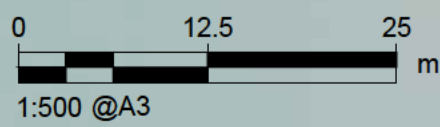
LEGAL BOUNDARIES (INDICATIVE ONLY)

PROPOSED LAYOUT

SEC 3 BLK IX  
COROMANDEL SD  
SO 44859

LOT 1  
CROWN LAND (SEABED OR FORESHORE)  
SEC 9A FORESHORE AND SEABED  
ENDOWMENT REVESTING ACT 1991

Released under the provision of  
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PROJECT MANAGEMENT INITIALS		
DESIGNER	CHECKED	APPROVED

ISSUE/REVISION		
I/R	DATE	DESCRIPTION

**KEY PLAN**

**PROJECT NUMBER**  
60592203

**SHEET TITLE**  
GENERAL LAYOUT PLAN  
WITH LAND BOUNDARIES

**SHEET NUMBER**  
SKE-301

This drawing is confidential and shall only be used for the purpose of this project. The signing of this title block confirms the design and drafting of this project have been prepared and checked in accordance with the AECOM quality assurance system to ISO 9001:2000.