

## PwC Economic Impact Assessment report reconciliation of Table 41 (November 2016)

Prepared by McGuinness Institute 9 May 2017

Value add (\$m)		Table 41 (p. 49)			
Column A (i)	Column A (ii)	Column A (iii)	Column B	Column C	Column D
Total economic impacts from BMP guidelines (From Table 24 (p.36))	Adjustments 'incorporating commercial viability and operational considerations'	BMP maximum production, incorporating commercial viability and operational considerations (also from Table 25, p. 37)	Baseline production (also from Table 16, p. 31)	Estimated decrease in economic impact from implementing maximum BMP production, incorporating commercial viability and operational considerations	Estimated decrease in economic impact from implementing maximum BMP production
McGuinness Institute terminology	Best practice <sup>1</sup>	Adjusted best practice <sup>3</sup>	Worst practice	Difference	Difference
Col A (i)	Col A (ii)	Col A (iii)	Col B	Col C = Col A-Col B	Col D = Col A (i)-Col B
Otanerau	3	0	3.1	-0.1	-0.1
Ruakaka <sup>4</sup>	3	0	3.5	-3.5	-0.5
Forsyth <sup>5</sup>	4	2.3	1.7	0	2.3
Waihinau <sup>5</sup>	4	2.3	1.7	0	2.3
Crail Bay MFL32 <sup>4</sup>	2	2	0	0	2
Crail Bay MFL48 <sup>4</sup>	2	2	0	0	2
<b>Total</b>	<b>18</b>	<b>11.6</b>	<b>10</b>	<b>-3.6</b>	<b>8</b>

<sup>1</sup> P. 36: 'The BMP production figures assume that the benthic impacts are the limiting factor.'

<sup>2</sup> We were unable to determine what supporting evidence was used to make these adjustments.

<sup>3</sup> P. 36: 'The figures in Table 25 ... consider the benthic impacts in conjunction with the commercial viability and operational considerations of each site as the limiting factor.'

<sup>4</sup> Assumption 1 – NZKS say they will not operate these sites as not commercially viable: 'If the sites are not commercially viable, the resulting economic contribution is nil.' NZKS have advised PwC that Ruakaka and the two Crail Bay sites are not commercially viable (see p. 36). Cabinet Paper December 2016 p. 4, FN 4 states: 'Given they have not been used recently they are the lowest priority for location.'

<sup>5</sup> Assumption 2 – NZKS say they will operate these sites even though they are not commercially viable: 'From discussions with MPI and NZKS, we understand that NZKS would operate the Forsyth and Waihinau salmon farm sites even if they were not commercially viable as stand-alone operations, as they would help achieve single year class on NZKS's Pelorus high-flow-sites.' (p. 37)

Note: Baseline production refers to potential future production not operating under best management practice (BMP) guidelines at six existing low-flow salmon farm sites. (p. 29)