



### ***Bream Bay Sand Extraction Project, FTAA-2511-1150***

The proposal is to establish a new long-term marine sand extraction operation within the coastal marine area of Bream Bay, Northland, to supply sand suitable for concrete manufacture, primarily for the Auckland construction and infrastructure market. The application seeks approvals to extract sand for a period of 35 years, within an approximately 15.4 square kilometre extraction area. The proposed extraction volumes are up to 150,000 cubic metres per annum for the first three years, increasing to up to 250,000 cubic metres per annum thereafter, subject to monitoring outcomes.

The applicant has provided a formal assessment of economic effects which estimates total avoided costs of approximately \$383.1 million in present value terms over the life of the project, comprising \$258.2 million in avoided direct transport costs, \$104.0 million in avoided environmental costs (including \$34.4 million for the shadow price of carbon and \$78.2 million for health-related costs), and \$12.2 million in avoided social costs.

On an annual basis this proposal estimates the avoided direct transport costs at approximately \$0.3 million per year for the first three years, increasing by approximately \$10.5 million per year as extraction volumes increase. Annual avoided social costs (relating to avoided road injuries and fatalities) are estimated to be \$296,850 in the first three years, increasing to \$494,750 as tonnages increase.

The economic benefits of this proposal are primarily avoided costs and price effects associated with supplying a key construction input efficiently, rather than short-term construction impacts. The applicant provides an illustrative example indicating a medium-term delivered sand price range of \$35 to \$45 per tonne, and an additional transport cost of \$12 per tonne under a principal alternative scenario, representing an estimated increase of 27 to 34 per cent.

The proposal also notes broader market benefits, including lower sand prices that reduce the concrete price component of infrastructure project budgets, improved competition and market efficiency, and wider sand supply choices for end users which supports competition. The applicant further highlights supply resilience considerations, noting Auckland's reliance on a small number of sand sources and the role of additional supply in reducing the risk of price increases, rationing and supply constraints in the construction supply chain.

On this basis, and in regard to the information provided by the applicant, the proposal may be assessed as having the potential to deliver significant regional and national economic benefits under section 22(2)(a)(iv) of the Fast-track Approvals Act.

Yours sincerely



Hon Nicola Willis  
**Minister for Economic Growth**