

S8444

31 March 2008

Minister of Fisheries

## **FISHERIES SERVICES FOR 2008/09**

### **Purpose of this paper**

- 1 This paper:
  - a) seeks your approval of the fisheries services to be delivered in the 2008/09 financial year as required by the Fisheries Act 1996, and
  - b) notes other actions necessary to meet the requirements of the 2008 Budget process.

### **Attachments/Appendices**

- 2 There are several attachments and appendices to this paper:

Attachment 1: A “Statement by the Minister of Fisheries” for you to signify your decisions on the recommended services for 2008/09.

Attachment 2: Your ‘authorisation to print’ the 2008/2013 Statement of Intent.

Appendix 1: The fisheries services recommended for provision in 2008/09.

Appendix 2: The fisheries research projects recommended to be undertaken in 2008/09.

Appendix 3: The issues raised by stakeholders in their written submissions on the proposed fisheries services and fisheries research projects for 2008/09 and the Ministry’s responses to those issues.

Appendix 4: A copy of the each of the written submissions made by stakeholders.

Appendix 5: The stakeholder submissions on proposed fisheries research projects for 2008/09 as presented to the Ministry’s Research Coordination Committee in December 2007, and the Ministry’s responses to the issues raised in those submissions.

### **Fisheries services defined**

- 3 Fisheries services are defined in the Fisheries Act 1996 to include:
- a) the management of fisheries resources, fishing and fish farming;
  - b) the enforcement provisions relating to fisheries resources, fishing and fish farming; and
  - c) research relating to fisheries resources, fishing and fish farming including stock assessment and the effects of fishing on the aquatic environment.

### **Reasons for approval of the services**

- 4 Your approval of the recommended services in Attachment 1.
- a) is necessary to meet the provisions of the Fisheries Act 1996 which require the fisheries services to be delivered in any year to be agreed between the Minister and the Chief Executive;
  - b) provides the Ministry with the authority to undertake each of those services in 2008/09; and
  - c) forms the basis for the determination of cost recovery levies to be set for the fishing season commencing on 1 October 2008.

5 As part of the approval process for the services to be delivered in 2008/09, the Ministry will also require a joint approval from yourself and the Minister of Finance to a second paper that aligns the costs of the approved services with the 2008/09 Main Estimates document. This paper is also attached.

### **Review of Accountability Documents**

6 In previous years, the Statement of Intent (SOI) has provided a high level description and explanation of the Ministry's operating intentions and performance expectations over the next five years. It has also included the fisheries services that are intended to be delivered in the forthcoming financial year.

7 The Government's Review of Accountability Documents (RoAD) in 2007 has now altered this approach. While the SOI will continue to be the vehicle to reflect departmental strategic planning, the information on annual plans (ie for the Ministry its fisheries services for 2008/09) is now included in a companion volume to the Main Estimates. This is seen as providing increased accountability to Parliament and enabling Ministers and MPs to more effectively scrutinise the performance of government agencies.

8 On 20 March, the Ministry sought your comments on a 'near final' draft of the SOI for 2008/2013. This current paper therefore deals only with the recommended fisheries services for 2008/09.

9 You may recall that, as part of the development of the 2008/09 Accountability Documents, the Ministry sought approval to rationalise its output structure into two departmental output expense categories – “Policy advice” and “Administering fisheries laws”. The stakeholder consultation document on fisheries services was constructed on this basis and was supported by SeaFIC in its response. However, the revised output expense approach was not supported by the Treasury. In this final advice paper, the Ministry has therefore decided to maintain the existing output expense structure for 2008/09.

### **The consultation process**

10 Consultation on fisheries services for 2008/09 commenced on 25 January 2008 with a letter advising iwi and other fisheries stakeholders that the material covering the proposed services and proposed research projects had been released on the Ministry’s website. The letter indicated that stakeholders could access the current fisheries strategy, which was set out in the 2007/2012 Statement of Intent on the web site.

11 The letter also noted the proposed new initiatives that the Ministry had sought to have considered in the Government’s Budget for 2008 were included in the consultation process. It clearly spelled out that it would be a matter for the Government to determine which, if any, of the services would be approved.

12 Around 300 stakeholders, including iwi, listed on the Ministry’s database were sent the letter. The various stages of the consultation process were detailed, along with an invitation to meet iwi and stakeholder groups and deal with any questions they might have.

13 The Ministry received a series of questions from SeaFIC and provided responses to them. We also met with SeaFIC, at their request, to discuss the proposed new initiatives. Further information was provided, particularly on the initiatives subject to cost recovery.

14 The proposed research projects have been subject to extensive review during the course of developing the draft research programme with stakeholders. Fisheries research needs for the 2008/09 fishing year were identified from the following sources:

- Fishery Assessment Working Groups during the 2007 stock assessment meetings with the Ministry and stakeholders
- The Ministry’s Fisheries Operations business group
- Fisheries research science providers; and
- Ministry led Research Planning Group meetings involving all major stakeholder groups.

15 The Ministry’s Sciences Group then developed the research needs that were identified as required for 2008/09 into specific research proposals with input from other fisheries staff. These proposals were then again subject to further stakeholder input and, in December 2007, the Ministry’s Science Group and Fisheries Managers met to evaluate the research proposals, stakeholder input on proposals and agree research priorities for 2008/09. Appendix 5 details the stakeholder submissions at that time on proposed fisheries research projects for 2008/09 and the Ministry’s responses to the issues raised in those submissions.

16 The consultation process commenced in January 2008 therefore represented a further occasion for discussion on the Ministry's proposed research projects for 2008/09. In light of the above, the Ministry has provided multiple opportunities for stakeholders to have their say on the research projects, and it is probably for this reason that comments were received (from SeaFIC and Sanford) on only four research projects.

17 For the 2008 consultation process, the Ministry advised stakeholders that it intended to continue the approach of proposing a research programme that would exceed current appropriations, the purpose being that by doing so the Ministry would be in a position to more fully utilise appropriations and achieve a higher level of fisheries information. Cost recovery of research costs would continue to be managed in accordance with legislation, cost recovery rules and the Ministry's agreement with industry on managing changes to services "in year".

### **Stakeholder submissions and Ministry responses on the draft fisheries services**

18 Written submissions were received from 7 stakeholder groups as listed below. Copies of these are provided in Appendix 4.

Aquaculture New Zealand  
Kahungunu ki Uta, Kahungunu ki Tai  
New Zealand Seafood Industry Council Ltd  
Sanford Ltd  
Tasman and Sounds Recreational Fishers' Association (Inc)  
Te Ohu Kai Moana Trustee Ltd  
Te Runanga O Te Rarawa

19 Overall, the stakeholder comments can be categorised into the following issues:

#### Inappropriate funding strategies (SeaFIC and Sanford)

- Comment that the Ministry is funding what they see as lesser priority projects from the baseline and then seeking additional funding for higher priorities that should be funded from the baseline before lesser priorities. In particular, SeaFIC challenges the legitimacy of the Ministry "channelling" resources into Observer funding at the expense of fisheries research.

#### Growth in the Ministry (SeaFIC and Sanford)

- Comment at what they see as significant and unjustified levels of growth in the Ministry over the past five years.

#### Industry financial position (SeaFIC, Sanford and TOKM)

- Argue that, in the current economic climate, the levels of cost recovery for fisheries services are unsustainable for the industry.

#### Observer services (SeaFIC and Sanford)

- Concern at the high per day cost for Observers.
- Believe that the service should be made contestable.
- Promote approaches where cost savings could be achieved.

#### Fisheries management plans (TOKM)

- Support the development of fisheries plans
- Do not want a 'one size fits all' approach, but would prefer what provides the most effective solution for each fishery

#### ***Proposed new initiatives for consideration in Budget 2008***

#### Recreational fishing charter vessel reporting (SeaFIC, Sanford, TOKM, TASFISH)

- General support from submitters

#### Amateur fishing trust (SeaFIC, Sanford, TOKM, TASFISH, Te Rarawa)

- General support, but concern at escalation in costs.

#### Increased observer coverage (SeaFIC)

- Not supported – viewed as speculative and unjustified.

#### Iwi Rohe Moana management plans (Kahungunu, Te Rarawa, SeaFIC, TOKM)

- General support for the proposal.

#### Research (Te Rarawa, SeaFIC, TOKM)

- Te Rarawa support.
- SeaFIC and TOKM contend that certain projects (eg work associated with the distribution and abundance of Hector's and Maui dolphins, and research on "other protected species" is 'public good' research and should be Crown funded, preferably through the Department of Conservation.

#### Foreshore and seabed implementation; Waikato-Tainui settlement implementation Te Rarawa, TOKM)

- Supported.

#### Maritime patrol team (Sanford, SeaFIC, TOKM)

- General support for the proposal, but a belief by the three submitters that the costs should not be recovered from the industry.

#### **Changes from draft to recommended fisheries services**

20 The Ministry has reviewed all input from stakeholders and does not believe that the stakeholder comments were sufficiently persuasive to make any changes to the proposed services/research projects for 2008/09. The Ministry's responses to the stakeholder issues are set out in Appendix 3 and will not be further highlighted in this advice paper. However, we do need to note the challenging responses from some submitters. The Ministry acknowledges that there will be differing expectations and that stakeholders work in a difficult environment. But, as we have said on many occasions, the contentious issues will be better resolved by parties working together. Aside from the additional services noted below, the major financial change from the draft consultation document is the inclusion in the recommended services of funding carried forward from 2007/08 into 2008/09 through the March Baseline Update process.

## Additional services for 2008/09

21 Although final Budget decisions have not been taken on what additional services will be approved for Vote Fisheries, the Ministry has included one proposal – increased observer funding - in the recommended services for 2008/09.

Should this initiative not be approved, the Ministry will adjust the services accordingly.

## Financial information

22 The following tables show the trend of planned services over the past four years and those recommended for 2008/09. The research figures are the direct costs for the provision of research services and do not include any share of Ministry science group. The level of planned expenditure is in line with the Ministry's baseline for the 2008/09 financial year.

<b>\$000 GST excl</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Core departmental services	60,507	64,679	68,928	71,143	76,325
Fisheries research	20,582	21,065	20,513	20,444	20,103
Biosecurity research	1,192	0	0	0	0
<b>Total</b>	<b>82,281</b>	<b>85,744</b>	<b>89,441</b>	<b>91,587</b>	<b>96,428</b>

Represented by

<b>\$000</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Vote Fisheries	76,483	85,744	89,441	91,587	96,428
Vote Biosecurity (Fisheries)	5,798	0	0	0	0

## Industry Contributions

This table shows the extent of industry contributions, including a share of Ministry overheads, to the cost of delivery of the Ministry's outputs.

<b>\$000 GST excl</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Core departmental services	17,00	16,82	15,623	16,382	18,699
Research	14,70	15,74	14,914	15,174	15,263
Planned cost recovery levies	31,71	32,56	30,537	31,556	33,962
Transaction charges	2,35	1,59	1,979	1,699	2,078
Planned industry contributions	34,06	34,15	32,516	33,255	36,040
Contribution as % of total Vote	4	4	36	36	37

23 The above industry figures are gross numbers and several adjustments will be made to arrive at the actual industry contribution for the fishing year commencing on 1 October 2008. These include:

- a) Application of the settlement credit related to under and overs for the period 1994/95 to 30 June 2002. There is a balance of \$0.481m to be applied to future levy orders.
- b) Application of unders and overs for 2006/07 when determined.

- c) Adjustment for carry forward of expenditure from 2007/08 to 2008/09.
- d) Adjustments to the research programme as better information becomes available.

24 Cost estimates for individual research projects have not been disclosed in either the draft plan or the final services, as this would not be consistent with the Ministry's commercial tendering process. However, in both the draft and final research documents, each project has a statement specifying the cost range applicable to that project.

25 It should be noted that the "in principle" expense transfers from 2007/08 to 2008/09 signed recently by yourself and the Minister of Finance in the March 2008 Baseline Update exercise, are not included in the above final plan figures because the actual amount of carry forward will not be determined until after the audited year-end financial results for 2007/08. Once confirmed, the actual carry forwards will be included in the October Baseline Update process later this year.

### **Cost recovery process**

26 The cost recovery levies incorporate both fisheries services supplied through the Ministry of Fisheries and fisheries related conservation services provided by the Department of Conservation.

27 Subsequent to your final decisions on the fisheries services for 2008/09 and the 2008 Budget announcement in May, the Ministry will issue to industry stakeholders the proposed cost recovery levies to be applied from 1 October 2008 for review.

28 Following the receipt of stakeholder comments and the Ministry's analysis of any issues raised, you will then be provided with the advice paper and associated Cabinet Legislation Committee paper on the levies to be struck for 2008/09. In order to have the new levies gazetted in time for 1 October 2008, the Ministry will be seeking your approval to the proposed levies in late July/early August 2008.

29 The Department of Conservation has advised that its proposals on fisheries related conservation services for 2008/09 are presently being consulted on with stakeholders. It is expected that the final services approved by the Minister of Conservation will be forwarded to the Ministry by the end of April 2008.

### **Budget timing issues**

30 The 2008 Budget timetable sets Wednesday 2 April as the time when departments have to finalise Budget baseline submissions in the Treasury system. This includes completing the Estimates documents (ie the core Estimates and the supporting information). The Ministry has almost completed these requirements and it will not be difficult to meet the deadline.

31 However, because the process for completing the determination of fisheries services for 2008/09 is not completely in line with that for finalising the Estimates, there needs to be a fiscally neutral adjustment paper to provide that alignment. A paper seeking that adjustment for the 2008/09 financial year is attached. It will require the approval of the Minister of Fisheries and the Minister of Finance and needs to be signed by 1 April 2008.

32 A further date, Wednesday 16 April, has been set as the final date for Ministers to sign off all the Estimates documentation and provide it to the Minister of Finance by 1pm on that day. Your approval to the recommended fisheries services to be delivered in 2008/09 is integral to that process and clearly has to be done before 16 April. The Ministry believes that if the 2008/09 services were determined by 9 April, it would provide sufficient time to complete the documentation required to enable you to meet the Estimates sign-off deadline of 16 April.

### Statement of Intent - Authorisation to print

33 In an earlier paper dated 20 March 2008, the Ministry indicated to you that the 2008 Budget process requires the printed Statements of Intent be delivered to PrintLink by Monday 12 May 2008. However, we had omitted to include in that paper the form signifying your “approval to print” the document. A form for your approval is provided as Attachment 2.

### Summary of timetable requirements

34 A summary of the immediate timetable requirements is set out below.

Date	Documents needing approval
1 April 2008	Ministers of Fisheries and Finance approve the fiscally neutral adjustment paper aligning the 2008/09 fisheries services costs and the 2008/09 Estimates baselines
9 April 2008	Minister of Fisheries: <ul style="list-style-type: none"> <li>• approves the fisheries services to be delivered in 2008/09</li> <li>• authorises the printing of the Statement of Intent 2008/2013</li> </ul>
16 April 2008	Minister of Fisheries signs-off the final Estimates documentation for 2008/09

### Recommendations

35 It is recommended that you:

- 35.1 **approve**, or approve as amended by you, on the “Statement by the Minister of Fisheries” attached to this paper (Attachment 1), the fisheries services to be provided in the 2008/09 financial year as set out in appendices 1 and 2 to this report, noting that once the contract tendering process has been completed, there is likely to be a change in the total costs for fisheries research projects;
- 35.2 **note** that, as a precursor to the issue of the proposed fisheries research projects in the formal consultation process on services to be delivered in the 2008/09 financial year, the Ministry’s sciences team had, in December 2007, provided substantive responses to stakeholder comments on the fisheries research projects identified through the research planning process and that those stakeholder submissions and Ministry responses are set out in Appendix 5;
- 35.3 **note** that the Ministry has undertaken an analysis of the main issues raised in the written submissions from stakeholders and that Appendix 3 covers the issues raised and the Ministry responses;

- 35.4 **note** that the stakeholder submissions are attached as Appendix 4 to this report;
- 35.5 **note** that the Ministry has not made any changes to the final recommended services for 2008/09 as a result of the consultation with stakeholders and analysis of their written submissions;
- 35.6 **note** that following announcement of the Government's 2008 Budget, the Ministry will:
- (a) advise stakeholders that the approved fisheries services, along with the stakeholder submissions, the Ministry analysis of the issues raised and the final advice paper on recommended services, will be located on the Ministry's external web site;
  - (b) issue to industry stakeholders the proposed cost recovery levies to be applied from 1 October 2008 for their review;
- 35.7 **sign** the enclosed fiscally neutral adjustment paper and **seek** the agreement of the Minister of Finance to enable the Ministry's fisheries services costs and the Estimates documentation for 2008/09;
- 35.8 **authorise** the printing of the Ministry of Fisheries Statement of Intent for 2008-2013 (Attachment 2);
- 35.9 **note** that Ministry of Fisheries officials will brief you on the content of these documents should you wish.

Wayne McNee  
Chief Executive

APPROVED / APPROVED AS AMENDED / NOT APPROVED

Hon Jim Anderton  
Minister of Fisheries  
April 2008

**STATEMENT BY  
THE MINISTER OF FISHERIES**

In considering the final fisheries services and fisheries research services to be provided by the Ministry of Fisheries for the financial year 1 July 2008 to 30 June 2009, I certify that:

- I have taken note of the written submissions from stakeholders as contained in Appendix 4 to this report.
- I have noted the responses by the Ministry of Fisheries to the issues raised in those submissions. These responses are contained in Appendix 3 – *Issues raised in stakeholder submissions and Ministry of Fisheries’ analysis and recommendations on the fisheries services and fisheries research services to be provided in 2008/09.*
- I have noted the written submissions from stakeholders in December 2007 on the proposed fisheries research services for 2008/09 as determined through the research planning process, and the Ministry of Fisheries responses to the issues raised in those submissions, as set out in Appendix 5 to this report.
- In addition I have noted the changes from the draft plan issued for consultation and the final fisheries services, including research projects contained in paragraph 19 of the advice paper.

I hereby approve/approve as amended by me:

- The fisheries services to be delivered in the 2008/09 financial year as detailed in Appendix 1; and
- The fisheries research services detailed in Appendix 2.

APPROVED / APPROVED AS AMENDED

Hon Jim Anderton  
Minister of Fisheries

April 2008

**2008/2013 STATEMENT OF INTENT**

**MINISTRY OF FISHERIES**

Approved for printing

Hon Jim Anderton  
Minister of Fisheries

April 2008