

**LIST OF ORGANISATIONS MAKING SUBMISSIONS  
ON THE DRAFT CONSULTATION DOCUMENT RELATING  
TO THE PROPOSED SERVICES FOR 2008/2013**

<b>Full name of organisation</b>	<b>Short version</b>
Aquaculture New Zealand	ANZ
Kahungunu ki Uta, Kahungunu ki Tai	Kahungunu
New Zealand Seafood Industry Council Ltd	SeaFIC
Sanford Ltd	Sanford
Tasman and Sounds Recreational Fishers' Association (Inc)	TASFISH
Te Ohu Kai Moana Trustee Ltd	TOKM
Te Runanga O Te Rarawa	Te Rarawa

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### Proposed fisheries services

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# ISSUES RAISED AND MINISTRY RESPONSES

## PROPOSED FISHERIES SERVICES

### Alignment of objectives

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Pages 1 and 2; paras 3 and 4

### Submission details

#### Sanford

3. Sanford believes that the closer alignment of objectives and outcomes on the delivery of fisheries management services, whatever they may be, is a core expectation of a cost recovery regime. We are aware that MFish has also formulated considerable internal process documentation that would assist in achieving these outcomes. We expect that these efforts to achieve more efficient internal functioning of service delivery will be constructively pursued in whatever fashion is appropriate.

4 We would like to see the clarity of this accountability of objectives and delivery reform given a concrete expression in the statement of corporate intent.

6. Significant political and strategic initiatives have commenced over most recent years pursued by MFish for the development of long-term fisheries management, with prioritised funding enabling these activities in this fisheries services plan. Sanford have provided input into these initiatives to ensure that New Zealand fisheries are biologically and economically sustainably utilised.

7 We specifically refer to such initiatives as Project Protector, Shared Fisheries, Fisheries Plans, Stock Standards, Benthic Protected Areas, Marine Protected Areas, Harvest Strategies, Maui's Dolphin Threat Management Plan, Seabirds, Marine Mammals, Benthic Environment, Compliance, Observer Programmes, Research Programmes and the Sustainability and Regulation review rounds for setting the TACs and TACCs.

8. We support the goal of MFish, which is to -"Maximise the value New Zealanders obtain through the sustainable use of resources and the protection of the aquatic environment".

9. Ensuring first and foremost that this goal and these strategies are consistent with the Fisheries Act 1996, and that they will provide more cost effective fisheries management outcomes. Particularly the knitting of these together to ensure an integrated marine management strategy, whilst ensuring that it does not undermine quota rights holders and their ability to harvest these rights in a cost effective manner.

10. Sanford is not convinced that there is currently a cost effective strategy in place that combines these strategies and initiatives to achieve your goal. MFish is currently a very top heavy, cumbersome department, and not a streamlined cost efficient and effective

Government Department as with some others. When comparing annual MFish Statement of Intent documents there are very few tasks completed. Sanford challenge MFish to rectify these concerns in the immediate future.

## **Ministry response**

In relation to accountability for delivery, the Ministry agrees with Sanford that this should be given expression in the statement of intent. The Ministry's Statement of Intent for July 2008 to June 2013 identifies the outcomes we are working to and includes key performance expectations in relation to achieving each outcome. Actual performance, measured against the performance expectations, will be reported on through the Annual Report. In addition, the proposed fisheries services document (for 2008/09) includes specific performance indicators for the priority work areas. This will allow for monitoring of actual performance in relation to delivery of outputs.

The Ministry acknowledges that there is not, at present, a single, integrated strategy that combines all of our initiatives in a manner that clearly achieves our goal. This is one of the drivers behind the work initiated in late 2007 to review the vision and long-term management strategy for New Zealand fisheries. The proposed services document identifies this work as a priority for 2008/09. The aim is to initiate consultation on a proposed vision and strategy by December 2008, and have an updated vision and strategy reflected in the 2009/14 Statement of Intent.

The Ministry rejects the Sanford comments that it is a "top heavy, cumbersome department, and not a streamlined cost efficient and effective Government Department as with some others". As noted in the response to industry comments on what it describes as the Ministry funding strategy (see the issue immediately following), the Ministry undertakes a rigorous reprioritisation process each year to determine which of its activities can be scaled back in order to direct resources to higher priorities and/or to fund new initiatives that will contribute to the strategic direction. Extensive consultation is undertaken with fisheries stakeholders on the proposed services to be delivered.

Additionally, the Ministry has recently repositioned its Strategic Leadership Team with the intention of ensuring that:

- clear objectives, performance standards and accountabilities for delivery of the agreed outcomes, outputs and services are in place;
- maximum value is obtained from taxpayer funds;
- core operating infrastructure and capability is maintained and developed;
- appropriate risk identification and management processes are established; and
- governance mechanisms are continually reviewed and adapted to meet emerging needs.

Investments have been made, and will continue to be made, in information and supporting infrastructure to better enable and facilitate the successful delivery of fisheries outcomes. A revised model for directing and delivering information management will be agreed prior to the start of 2008/09. This new approach will bring together all the functions of the Ministry and focuses the information management and information systems development and support into an integrated management and decision making model. The prime focus is to support the

development and operation of fisheries plans, and provide access to our information for stakeholders, tangata whenua and the public.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Ministry funding strategy

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: pages 1 - 2; paras 6 – 9

## Submission details

### SeaFIC

6 While industry can agree with some of the underlying priorities for the Ministry such as increased research levels and an at-sea offence deterrent, industry disagrees with the funding strategy being pursued by the Ministry.

7 Research, a priority area for funding, has been detrimentally affected by past decisions of the Ministry to channel available funding and resources into other Ministry activities. In aggregate, the Ministry's vote has grown by 26% in the past five years. Research by comparison has grown by only 6%. Furthermore, significant amounts of the research appropriation have been channelled into additional staff and overheads rather than purchasing contracted research. That approach has been continued into the 2008/09 year with the baseline funding for research being reduced and the funds being channelled to lesser priority areas and lesser performing areas such as observer activity. We can understand the motives of the Ministry in leaving politically and strategically important areas to receive additional funding from the new initiatives process and thus protect the lower priority areas from greater scrutiny. However, we consider that such a cynical policy should not be accepted as justifying additional resources.

8 In the compliance area, an effective at-sea deterrent is part of a balanced compliance regime. Project Protector is not a discretionary measure that the Ministry can decide not to support. As such, the Ministry should reconsider the all compliance activities from a strategic added value perspective and allocate available resources accordingly, rather than seek additional funding to cover the costs. Industry disagrees with the Ministry view that existing paper-based compliance activities should be given resources and funding in preference to a balanced land-based and at-sea capability.

9 Industry believes that there should be a re-allocation of existing budgets and resources to meet the activities identified by the Ministry as priorities for 2008/09 before there is any consideration for new funding. We do not believe that the Ministry has considered such a re-allocation of resources. We also contend that the Ministry needs to re-consider allocation after Cabinet has decided on the levels of new funding to ensure that priority activities proceed whether funded by new initiative funding or from existing appropriations. We recommend the Ministry adopt a more strategic approach to its activities in 2008/09.

## Ministry response

The Ministry notes, but disagrees with, the comments by the submitter.

There is a need to balance a series of competing priorities within the Vote and to apply resources to those areas which, in the Ministry's view, and after consultation with stakeholders, will best deliver on the fisheries outcomes set out in the Statement of Intent. Not all priorities can be funded at the desired levels and the Ministry has, over the past two/three years, increased the level of resourcing applied to the development of fisheries plans as part of the objectives-based approach to managing fisheries.

While SeaFIC's assertion of a 26% growth in Vote Fisheries in the past five years is correct, there is a failure to recognise where the growth has taken place. During the period from 2002/03 to 2006/07, the Ministry received new initiative funding in order to, amongst other things:

- meet the Crown's obligations to Maori under the 1992 Fisheries Deed of Settlement
- recognise the good employer requirements for the provision of health and safety initiatives for fishery officers
- improve efforts to deter poaching and black market activities
- implement the provisions of the Maori Commercial Aquaculture Claims Settlement Act 2004.

With the exception of a portion of the funding for health and safety of fishery officers, none of the above initiatives is subject to the cost recovery provisions of the Fisheries Act 1996.

The Ministry also contends that SeaFIC is wrong in its assertion that the growth in research is only 6%. Expenditure on fisheries research, including biodiversity, was \$22.097 million in 2002/03 and \$25.169 million in 2006/07 – an increase of 13.9%.

In that same period an additional 50 stocks were added to the quota management system and there has been an expanded demand for environmental research and research on international fisheries (highly migratory species).

The Ministry notes SeaFIC's views on Project Protector and its agreement that an effective at-sea deterrent is part of a balanced compliance regime. It is not a question of the project being "discretionary" or the Ministry deciding "not to support" it. SeaFIC is well aware from our discussions with them that the Ministry has supported this project from its inception. However, we have consistently said that funding it from current Fisheries Compliance resources would severely impact on land-based compliance activities and render sub-optimal the balance between land-based and at-sea capability.

The inference put forward by SeaFIC that the Ministry has not completed a reallocation of its existing budgets prior to seeking additional funding for new projects is not correct.

The Ministry is keenly aware of the need to operate in as frugal a manner as possible. Each year it undertakes a rigorous reprioritisation process to determine which of its activities can be

scaled back in order to direct resources to higher priorities and/or to fund new initiatives that will contribute to the strategic direction.

For the 2008/09 budget exercise, the Ministry reviewed each of its existing services in order to identify what level of cost savings could be made and to understand the impact if the service was reduced or eliminated. The savings from this exercise were first applied to fund personnel cost pressures, which, in line with a Government directive to all departments, are required to be funded from the existing baseline; and subsequently other cost pressures where seeking additional new initiative funding to cover their costs was not warranted.

The activities for which additional funding has been sought as part of the 2008 Budget process are integral to the strategic direction for fisheries (eg the development of shared fisheries proposals, provision of Observer coverage on inshore fisheries and for the South Pacific Regional Fisheries Management area, implementing foreshore and Treaty settlements). The decision to seek new initiative funding arises because it is not possible to fund those activities from the current baseline after taking account of the cost pressures noted above. These bids are subject to government decision as part of the 2008 Budget process. Where bids are unsuccessful in that process they will not form part of the services to be delivered in 2008/09.

### **Recommendation**

It is recommended that you:

- (a) note the submitter's comments;
- (b) note the response from the Ministry.

## Growth of Ministry

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: pages 8 – 9; paras 42 - 43 Sanford: Pages 1 - 2; para 5

### Submission details

#### SeaFIC

42 The following table provides recent Ministry expenditure on baseline activities.

<b>MINISTRY OF FISHERIES EXPENDITURE 2005/06 TO 200/09</b>					
	<b>2005/06</b>	<b>2006/07</b>	<b>20007/08</b>	<b>2008/09</b>	
<b>Activity</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimates</b>	<b>Baseline</b>	<b>%age change</b>
<b>Policy Advice</b>					
Fisheries Advice	4.835	5.960	5.852	6.561	12.1
Ministerial Services	0.923	0.924	1.064	0.862	-19.0
<b>Subtotal</b>	<b>5.758</b>	<b>6.884</b>	<b>6.916</b>	<b>7.423</b>	<b>7.3</b>
<b>Administering Fisheries Law</b>					
Research	23.818	25.169	25.834	25.254	-2.2
Observers	3.211	3.704	4.013	4.821	20.1
Sustainability and Management Controls	8.674	12.959	14.514	14.974	3.2
Settlements	6.212	6.487	7.671	7.037	-8.3
Registry Services and Permits	6.326	5.521	5.075	5.063	0.0
Commercial Fisheries Compliance	9.293	9.552	9.661	10.839	12.2
Other Fisheries Compliance	17.573	16.781	16.237	14.066	-13.3
Prosecutions	3.851	3.647	3.816	4.477	17.3
<b>Subtotal</b>	<b>78.958</b>	<b>83.820</b>	<b>86.821</b>	<b>86.531</b>	<b>0.0</b>
<b>South Pacific Regional Fisheries Management Organisation</b>					
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.404</b>	<b>0</b>
<b>Total Departmental Expenses</b>	<b>84.716</b>	<b>90.704</b>	<b>93.737</b>	<b>94.358</b>	<b>0.7</b>

43 While there is nil growth between 2007/08 and the 2008/09 budget, we note that there has been a 26% growth in the Ministry's expenditure in the last five years. We also note that staff numbers have increased from 327 at 30 June 2002 to 453 at 30 June 2007, an increase of 38% over the five years. At the same time, the volume of fish exported has decreased and the value remained about the same. The costs of managing the fisheries have grown unjustifiably.

#### Sanford

5. It is of considerable concern to Sanford that over the past decade MFish's annual costs have increased from \$48 million to \$109 million (proposed 2008/09). Sanford has contributed on average over \$6.5 million per annum (Table 1), a position which, as to funding

a Government activity contrasts adversely with that of other export industries. Sanford note that over the same decade MFish staff numbers have increased from 210 to 440 (MFish website). Our experience is that frequent changes in management personnel have led to confusing changes in policy settings and in research and management philosophy and practice. As a result, a great deal of industry time, input and other costs are required to address resulting issues, all too often to questionable advantage.

<b>Table 1. Sanford Annual Payments to MFish</b>	
<b>Fishing Year</b>	<b>NZ\$ / Annum</b>
Total 2004/05	\$5,449,258
Total 2005/06	\$7,114,138
Total 2006/07	\$6,972,147
Average	\$6,511,848

### **Ministry response**

The Ministry does not accept the SeaFIC argument that fisheries management costs have grown unjustifiably.

Industry cannot expect to limit the Ministry to activities that it sees as important. The value of fisheries services goes much wider than that. The Ministry has a requirement to promote policies and operational activities that have regard to a wide range of stakeholders, including environmental concerns, customary and recreational interests, as well as commercial fishing activities.

Over the years since 2002, the Ministry has concentrated on building its capacity to provide the services required for improving fisheries management, whether that be through increasing policy capability, discharging international fisheries obligations, promoting objectives-based fisheries management, introduction of marine protected areas in line with the Government's MPA strategy, improving fishery officer health and safety, the detection and prosecution of serious offending, including significant investment to reduce poaching and black market activities, thereby increasing the value of quota to legitimate fishers, and implementing the Crown's obligations under the Fisheries Deed of Settlement.

It is not feasible or practical to do this work and maintain existing core services without there being an increase in staff numbers.

The increases in the Vote and the staff increases are due to new initiatives gained in successive Budget rounds. A list of these initiatives and their associated costs over the period from 2002/03 to 2007/08 is shown in table 1 below. Staff numbers are shown in table 2.

**Table 1 - New initiatives approved since Budget 2002**

<b>\$000 GST excl</b>	<b>Cost recovery</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Fisheries ecosystem management	No	400	400	400	400	400	400
International fisheries obligations	No	500	500	500	500	500	500
Building policy capability	No	388	388	388	388	388	388

New Zealand's biodiversity strategy	No	3,209	3,864	2,985	2,985	2,985	2,985
Increased observer coverage for seabird captures	Full	2,190	2,210				
Increased funding for fisheries research projects	Partial	5,000	5,000	5,000	5,000	5,000	5,000
Introduction of new species in the quota management system	No	650	346	236			
Aquaculture reforms	Trans Fee	100	400	400	400	400	400
Infringement notices	No	295	295	295	295	295	295
Increased science capability	Partial		278	278	278	278	278
Ministry legal expenses	No	1,524					
Scampi inquiries	No	1,500					
Increased policy capability	No		485	485	485	485	485
Increased capability for fisheries management	No		648	648	648	648	648
Registry services audit/monitoring	Full		143	196	198	203	203
Highly migratory fish stocks	Partial		700	913	913	929	929
Resourcing for cost recovery	No		500	500	500	500	500
Fishery officer health and safety	Partial		747	1,625	2,338	2,251	2,251
Recreational fisheries harvest estimates	No		250				
Ministry legal expenses	No		617				
Deed of Settlement implementation	No			3,111	3,556	4,000	4,445
Fishery officer health and safety	Partial			1,142	873	884	916
Improved information recreational fishing	No			889	889	889	889
Serious offences unit	Full			148	180	368	388
Corporate infrastructure projects	Partial			444	444	444	444
Poaching and black market deterrence	No				2,889	2,889	2,889
Maori commercial aquaculture settlement	No				1,156	1,156	1,156

Recreational participation in fisheries management processes	No				222	222	222
Increase international capability	No				667	667	667
Observer funding	Full				-	2,222	2,489
Fiordland management regime	No				218	391	369
Crown legal expenses	No			800			
Growth and innovation framework	No				50	24	22
Objectives-based management	No					750	1,500
Marine protected area strategy	No					500	500
IUU fishing	No					125	100
Improved information on effects of bottom trawling	No					200	90
Settlement negotiations capacity	No					150	150
Environmental certification of fisheries	No						1,150
Crown legal expenses	No						500
Inshore trawl catch effort form	Full						232
International polar year	No						1,000
SPRFMO	No						600
<b>Total for all initiatives</b>		<b>15,756</b>	<b>17,771</b>	<b>21,383</b>	<b>26,472</b>	<b>31,143</b>	<b>35,980</b>

**Table 2 – staff numbers comparing June 2002 and June 2007 (headcount basis)**

Fisheries Policy		Fisheries Information		Fisheries Operations		Fisheries Compliance		Corporate Services		Total	
2007	2002	2007	2002	2007	2002	2007	2002	2007	2002	2007	2002
27	25	33	9	100	51	176	146	116	96	452	327

Sanford notes it has contributed on average over \$6.5 million per annum (in the years 2004/05 to 2006/07), and considers this “a position which, as to funding a Government activity contrasts adversely with that of other export industries”.

The Ministry does not intend to discuss costs of other Government organisations, but the comment on funding needs to be corrected. The Ministry is funded exclusively by Parliamentary appropriation through Vote Fisheries. A portion of the cost of some of the

services provided through the Vote is recovered from the commercial fishing sector through the cost recovery provisions in the Fisheries Act 1996. The amount cost recovered is deemed as Crown revenue and is not available to the Ministry for any purpose.

Table 3 below sets out the cost recovery levies as a proportion of total output expenditure in the period from 2002/03 to 2007/08.

It can be clearly seen from this table that the proportion of costs planned to be recovered from the commercial sector has reduced from 49.5% in 2002/03 to 35.5% in 2007/08. Most of the recent new initiatives noted in table 1 above are Crown funded activities.

**Table 3 Cost recovery levies as a proportion of total departmental output expenditure**

<b>\$000</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Total output expenditure (main estimates)	68,134	71,134	76,483	85,744	89,441	93,737
Total output expenditure (actual)	67,858	66,158	75,653	84,716	90,704	
Total planned industry contribution	33,735	33,800	34,068	33,955	32,516	33,255
Actual costs recovered following settlement credit and application of annual under and over recoveries	33,185	8,987	27,433	32,738	32,359	33,255
Planned levies as % of planned expenditure	49.51%	47.52%	44.54%	39.60%	36.35%	35.48%

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Industry financial position: affordability of increased levies

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Page 3; paras 14 – 16 SeaFIC: pages 12 – 13; paras 64 – 68 TOKM: page 2; para 5

### Submission details

#### Sanford

14. MFish has sought to increase the appropriation to Vote Fisheries and the level of cost recovery as follows:

Table 2: Summarised from the MFish Consultation Document for Proposed Fisheries Services 2008/09.

	<b>2008/09 Baseline \$m</b>	<b>2008/09 Total \$m</b>	<b>2009/10 \$m</b>	<b>2010/11 \$m</b>
<b>Vote Fisheries</b>	94.54	109.46	109.80	111.57
<b>Vote Fisheries-CAPEX</b>		5.84		
<b>Cost Recovery</b>	35.01	41.57	42.08	43.08

15. This increase in appropriation and the level of cost recovery is economically unsustainable for our company in the current economic climate (Table 2).

16. MFish should also consider that there are other costs such as conservation service levies and emission taxes from 1 January 2009 presenting an even gloomier picture for Sanford. Further, we currently have stable to declining catch levels, high exchange rates, increasing operational costs such as labour shortages and fuel costs presenting a challenging environment to return a profit to our shareholders. The additional costs to Sanford from these MFish initiatives, cumulatively with other costs will inevitably drive the price of fish up impacting on consumers, and the New Zealand economy. MFish must take heed of these concerns and respond to them appropriately.

#### SeaFIC

64 The Ministry has sought additional funding as follows:

<b>Proposal</b>	<b>Budget 2008/09 \$m</b>	<b>Cost Recovered \$m</b>	<b>CAPEX 2008/09 \$m</b>
Shared fisheries			
Recreational charter vessel reporting	0.60	0	
Amateur fishing trust	0	0	5.00
Increased Observer coverage	1.00	1.00	0.12
Iwi Rohe Moana management	1.57	0	0
Research funding	6.00	3.58	0
Treaty Settlements	2.80	0	0.40
Fisheries compliance Project Protector	3.97	1.98	0.32
<b>Total</b>	<b>15.94</b>	<b>6.56</b>	<b>5.84</b>

65 If approved, this would increase the appropriation to Vote Fisheries and the level of cost recovery as follows:

	<b>2008/09 Baseline \$m</b>	<b>2008/09 Total \$m</b>	<b>2009/10 \$m</b>	<b>2010/11 \$m</b>
<b>Vote Fisheries</b>	94.54	109.46	109.80	111.57
<b>Vote Fisheries- CAPEX</b>	-	5.84	-	-
<b>Cost Recovery</b>	35.01	41.57	42.08	43.08

66 We consider that such an expansion of the Fisheries Vote is excessive. With the value and volume of fishing exports having stagnated, it is difficult to see where added value is being received from the increase in Ministry effort. That there are more stocks in the QMS is not justification for the additional staffing levels – most recent stocks introduced to the QMS have no commercial value and should not have been introduced in the first instance to the QMS where administration and management costs are higher. The Ministry effort in establishing standards and fisheries plans may add to the credibility of the Ministry, they have yet to show any indication of improving fisheries management.

67 Industry simply cannot afford the increased levels of cost recovery being sought by the Ministry. The estimated net operating surplus before tax of the fishing industry is estimated to be less than \$100 million. Given that the introduction of the Emissions Trading Scheme will impose additional costs of around \$7.5 million, an increase in cost recovery of over \$8 million is simply not affordable and will have serious financial repercussions for the industry.

68 Furthermore, industry is concerned that the quality of resources and outputs is declining, with new staff having little experience in fisheries management and increasing levels of effort being required from experienced staff to assist new staff.

### TOKM

5 We remain concerned at what appears to be a continuing lack of awareness demonstrated in the SOI of the financial plight of the commercial fishing industry. Depressed market prices overall, substantially increased input costs particularly fuel and an ever-worsening currency position have created a very difficult environment in which industry must operate. These are critical matters which must be taken into account by MFish in its planning but no evidence of this appears in the SOI. Though the Ministry has sought to clarify priorities and we endorse the need for this we are very concerned that this has not led to adjustments of work programmes within baseline funding. We are very concerned that the Ministry is continuing to project additional cost recovery on the industry at this time

### **Ministry response**

The Ministry notes the views of the submitters and accepts that the current economic situation is not conducive to exporters. However, we would note that the core roles of protecting the health of the aquatic environment, enabling people to get the best value from the sustainable and efficient use of fisheries resources promoting credible fisheries management and delivering on the Crown's obligations to Maori are on-going activities, not related to market conditions.

We also contend that it is important to maintain an adequate level of investment in research. Information produced through fisheries research activity adds to the 'store' of knowledge about New Zealand's fisheries and becomes the cornerstone for advising the Minister of future sustainability levels.

In earlier responses to issues raised by submitters (funding strategy and Ministry growth), the Ministry has commented on the rigorous process it undertakes to determine priorities each year and to channel its funding towards the higher priority activities that will achieve the strategic direction. We have also noted that new initiative bids are subject to Government decision a part of the 2008 Budget process. Where those bids are unsuccessful, they will not be pursued for 2008/09.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Cost recovery

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Page 3; paras 17 - 20 SeaFIC: pages 5 – 6; paras 25 - 33

### Submission details

#### Sanford

17. As outlined above, Sanford have contributed over \$6.5 million per annum over the last decade to MFish cost recovery services. We believe this is an exorbitant amount. Our concerns relate specifically to the interpretation of the conservation and fisheries services that are cost recovered from industry, or are general public interest and not cost recoverable (which in effect is the application of section 262 of the Fisheries Act 1996).

18. Stock assessments, biological and catch research activities relating to the setting of TACs and TACCs are required to meet the goals of sustainability and utilisation. These are set out in the Fisheries Act 1996 and are in the interests of both commercial fishers and the wider general public. The general public should contribute to the sustainability and utilisation of the resource.

19. Further, we believe that the aquatic environment research, protected species and risk assessment research is general public interest research and should not be cost recoverable from us (industry as a whole) under the Fisheries Act 1996. This includes research such as the state of the marine environment, biological diversity, and status of protected species. Including, the research undertaken to determine whether, and to what extent commercial fishing provides a risk to or adverse effect on the aquatic environment, biological diversity, or protected species (unless industry have agreed there is an adverse affect or risk that requires addressing).

20. We are also concerned with the increasing number and subsequent cost of full time MFish employees (FTEs) to service these activities, with an increase of two fold over the last decade to over 440 FTEs (MFish website).

#### SeaFIC

25 We continue to have problems in respect of the application of cost recovery to research projects, observer services and compliance activities.

26 Principle (b) in section 262 of the Fisheries Act 1996 makes it clear that conservation services or fisheries research services provided in the general public interest cannot be attributed to, and cost recovered from, industry. Principles (a), (c) and (d) specify the nature of services that can be recovered. Principle (d) allows for fisheries and conservation services “provided to avoid, remedy or mitigate a risk to, or an adverse effect on, the aquatic environment or biological diversity” to be cost recovered.

27 SeaFIC contends that stock assessments and activities related to the setting of TACs and TACCs are to attain the goals of sustainability and utilisation as set out in the Fisheries Act. The TAC and TACC are set under provisions outside the QMS and, while they define

the extent of commercial interest in the catch, their setting has a significant component of wider general interest. That the power to set the TAC and TACC is reserved to the Minister is further evidence of the recognition of the general public interest in the setting to the TAC and TACC. Stock assessment, biological and catch research are undertaken to inform the process of TAC and TACC setting and have a general public interest component which must be recognised and the level of cost recovery reduced accordingly.

28 SeaFIC contends that baseline aquatic environment research, protected species and risk assessment research are “general public interest” research and are not recoverable from industry under the legislation. The legislation recognises that, while fishing has effects, not all effects are adverse. Cost recovery is only possible where there is proven or accepted adverse effect and the research is based on mitigating or reducing that effect. That point was recognised by the Auditor General in his review of CSP cost recovery in 2002. General public interest research includes:

- a. research carried out to provide information on the current state of the aquatic environment, biological diversity or a protected species;
- b. research carried out to understand or model the population structure of the mammals and seabirds that interact with commercial fishing; and
- c. research to determine whether (and to what extent) commercial fishing provides a risk to, or an adverse effect on, the aquatic environment, biological diversity or a protected species (unless industry agreed there was an adverse effect to be addressed).

29 We note that a number of projects now seeking approval under the Fisheries Information output were previously funded from “public good” sources such as the Ministry’s Biodiversity Research funding programme or FRST grants. We are unable to agree that the same projects or those of a similar ilk having been accepted in the first instance as being in the public interest can now be regarded as being not in general public interest and thus be cost recoverable.

30 Observer services are not a service in their own right. They provide services to research through biological sampling, fisheries management through catch profiling and to compliance through observation of fishing vessel practices. They should not be cost recovered as an entity service but need to be disaggregated into their specific outputs and their cost recoverability assessed in accordance with the specific output.

31 SeaFIC contends that compliance services are provided primarily to ensure the upholding of law and order in the general public interest. Fisheries are managed in the general interests of all New Zealanders, not just the fishing sector, and compliance is but a component of that general interest. Compliance should not be cost recovered, as recognised in the Minister’s assurance to the Primary Production Committee that Project Protector costs would not be cost recovered.

32 To determine the cost recoverability of a service, both the principles and the rules need to be considered. The principles hold precedence. It is only if the service accords with Principles (a), (c) or (d) and not with Principle (b) that the cost recovery rules need be considered. There is a disjunct between the principles in the Act and the current rules. Some of the rules may be redundant or inappropriate but a proper assessment of the cost recoverability in terms of the legislated provisions would preclude the application of redundant or inappropriate rules. It is not sufficient for the Ministry to rely only on the rules when considering cost recoverability without having first considered the legislated principles

in the Act. It is possible for the Ministry to achieve a legal and more equitable outcome by assessing and removing the component of general public interest from cost recovery consideration and only applying the Cost Recovery rules to the remaining amount.

33 Industry is of the view that the cost recovery of Ministry expenditure needs to be properly considered before the 2008/09 levies are struck.

### **Ministry response**

Both Sanford and SeaFIC query the application of the cost recovery principles in the Fisheries Act to the recovery of the costs of a number of fisheries and conservation services. SeaFIC further submits that both the principles and the rules need to be considered to determine the cost recoverability of a service. The Ministry maintains that cost recovery levies are determined in accordance with the cost recovery rules. The Minister must be satisfied, when recommending the rules, that they are consistent with the principles, and must be satisfied, when recommending levies, that they are consistent with the rules. The principles are not applied directly in the setting of levies for particular services.

The contentions of Sanford and SeaFIC, relating to stock assessment and other activities related to the setting of TACs and TACCs, may be relevant to the development of new rules (issues such as these have been considered by the Joint Working Group conducting the cost recovery review, which has recently reported to the Minister) but they are not relevant to the setting of levies under the existing rules. The same point applies to commercial compliance services and to observer services – the Ministry agrees that observer services are probably not services in their own right, but it is bound to apply the existing rules.

In relation to aquatic environment research, protect species and risk assessment research, the Ministry agrees that baseline research, carried out to provide information on the current state of the marine environment, biological diversity and status of protected species, is carried out in the general public interest and not recoverable under the existing rules. More specific research, which is required to assess or support corrective action to avoid, remedy or mitigate a risk or adverse effect, is attributable to industry under the cost recovery principles and recoverable under the existing rules. The Ministry discusses each proposed research project with the appropriate Research Planning Group to determine which of these categories it falls into, so that the relevant rule can be applied.

Sanford comments that it has contributed over \$6.5 million per annum in cost recovery levies in recent years. Given that this is around 20% of the total levies, it is clear that they hold a significant portion of the total quota stocks and the associated value from those stocks.

The Ministry cannot comment on the SeaFIC assertion, that projects that used to qualify for FRST or other public good funding are now commissioned and cost recovered by the Ministry of Fisheries, without reference to specific projects. We are not aware of any such projects.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## The Output Plan

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	All
<b>Proposed services page no.</b>	N/A
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 7; paras 39 - 41

### Submission details

#### SeaFIC

39 SeaFIC notes the restructuring of the Ministry activities into aggregated outputs. Providing there are no cost recovery implications, as seems the case with the Ministry's definitions, and providing there is no lack of transparency or accountability in the provision of services, industry does not disagree with the changes.

40 Industry would however have concerns if the Ministry was to consolidate Ministry activities and reduce transparency and accountability or used the new output class as the unit of reporting and cost recovery rather than the present disaggregated management class format.

41 However, industry does have a concern with the title of the second output – "Administering Fisheries Laws". Such a title has an inference that the activities supporting the output are a direct consequence of or flow from the empowering Fisheries Act and that the activities are therefore core to the operation of the Act. That is not however the situation. For example, the development of standards and more particularly fisheries plans are not integral to the administration of fisheries laws, they are a discretionary form of fisheries management which the Ministry wishes to impose on New Zealand fisheries. We consider that a more appropriate title would have been "Fisheries Management".

### Ministry response

The Ministry acknowledges SeaFIC's comments on the proposed restructuring of the Vote Fisheries outputs into two main output expenses. SeaFIC can be assured that if the restructuring were to proceed, transparency will be maintained to ensure accountability and also that cost recovery will be applied only to those outputs allowed for under the Fisheries Act 1996 and the Fisheries (Cost Recovery) Rules 2001.

However, the Ministry would note that it is unlikely the restructuring will be accommodated for the 2008/09 year.

### Recommendation

It is recommended that you:

- a) note the submitter's comments;
- b) note that it is unlikely the output restructuring will be accommodated for the 2008/09 financial year.

## Research

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	26
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 9; paras 44 - 47

## Submission details

### SeaFIC

44 While the budget for fisheries research remains approximately constant, we note that the Ministry continues to under-spend its budget. We view the continuing under-spend of the research budget as indicative of resource constraints in the research provider market and an inability of the Ministry to spend the funds available for research.

45 We note that the Ministry has chosen not to re-allocate its existing Vote to provide additional research funding but has preferred to seek additional research funding through the new initiatives bid process. Given the importance of research to underpin sustainability decisions, we would have expected the Ministry to reflect that importance in a priority allocation of secure baseline funding and not a reduction in the level of expenditure.

46 The Ministry has indicated that the baseline funding component will be sufficient for the Tier 1 projects. We note that the Ministry has allocated Tier 2 status to a range of aquatic environment projects that are politically sensitive, for example Hector's and Maui's dolphin, fur seals and benthic effects. There are projects with Tier 1 status that clearly have lower priority for example Chatham Islands marine recreational fishing survey. We cannot help but be suspicious of the motives of the Ministry in placing politically sensitive projects as Tier 2 projects to improve the prospects of the new policy bid of \$6 million being approved.

47 We comment on individual projects in a following section of the submission.

## Ministry response

The Ministry disagrees with SeaFIC that we have been underspending our research budget in recent years. The following information demonstrating the lack of any significant underspend, along with the reasons the Ministry needs to carry forward research funds each year, has been provided to the Primary Production Committee to assist in the Committee's examination of the Ministry's estimates and expenditure over the past three years:

“In the 2005/06 and 2006/07 financial years, the Ministry's research budget was not significantly underspent. For the 2005/06 financial year, after allowing for the amount carried forward into 2006/07 (\$2.3m) on already committed projects, the true underspend was around \$12,000 (0.061%). In 2006/07, after the carry-forward into 2007/08 of \$2.65m for already committed projects, the true underspend was around \$15,000.

“Carry-forwards are an inevitable consequence of a research environment where individual research contracts almost always span more than one financial year (and sometimes three or more years), yet the budget is allocated on annual basis. Carry-forwards rarely compromise the achievement of research goals in time for the management decisions for which they are

required, as these operate on different timescales from that of the financial year. For example, research results are needed to inform management decisions that need to be made in time for the 1 April and 1 October fishing years. The need for carry-forwards is detailed below.

#### “Main causes of carry-forwards

“There are numerous reasons why carry-forwards are essential for research funding under the current system.

- Contract commitments for research projects that straddle financial years and multi-year contracts: Almost all of our research contracts straddle one or more financial years. When we award contracts, we make a commitment to the total cost of the project, not just the cost in the current fiscal year.
- Payments only upon achievement of milestones: Research projects have a limited number of milestones (on average about three milestones in each financial year) and payments are generally only made after full achievement of milestones. In some cases, 6-12 months of research may be undertaken before any payment is scheduled. This problem could be resolved if we paid for research on an accrual basis on, say, a monthly basis. This would work in most instances; however, it would exacerbate the problem we have with a small number of research providers who have not lived up to their milestone commitments.
- Research provider capacity: The Ministry routinely discusses the issue of understaffing with our main research providers. We would like them to employ more scientists and technicians in order to be able to fully meet our needs. They appreciate our problem, but they all operate as profit-making businesses and do not feel that it makes good business sense to employ a potential excess of staff whose annual salaries could potentially exceed the revenues from the research contracts gained in a given year. This problem could be alleviated if there were a pool of potential sub-contractors in New Zealand universities or in other research consulting firms. However, any such pool is extremely limited. This is a drawback of New Zealand being such a small country with respect to population and therefore the economic base, with a disproportionately large marine EEZ, and facing exactly the same wide range of fisheries-related issues as other countries with larger population bases and smaller EEZs. The problem is exacerbated by a world-wide shortage of qualified fisheries scientists with sound quantitative expertise.
- Lack of an adequate framework to enable research providers to plan, recruit and allocate human resources to conduct fisheries-related research over the short, medium and long terms: Due to the process of contracting out research on a single financial year (annual) basis, research providers are unable to methodically plan their research activities, even for a year at a time, let alone over longer timeframes.
- Time lags between research planning and research implementation: Because the research programme for a given July-June financial year is largely finalised by the previous November, there is a minimum of 8 months and up to 20 months or more between research planning and research initiation. Many unforeseen events can happen during that period:
  - an approved research project may be overtaken by other research that indicates the approved project is no longer needed, or needs to be modified;

- stakeholders may independently initiate their own research programmes that may usurp or modify the need for an approved research project;
  - it is highly likely that some fisheries-related event or issue will assume prominence with the public and therefore the government. For example, if the Minister requests an urgent evaluation of a recent event reported in the media, such as a large reported seabird bycatch, or some other protected species issue, or an industry proposal for a new initiative, or a rash of letters on a particular issue from the public, or a court case, or an international review stating that New Zealand needs to improve its fisheries performance in some specific way, etc., the Ministry has only limited capacity to undertake the required analyses and therefore must contract it to a suitable research provider. That research provider may already be fully committed with other research projects and therefore will justifiably request that milestones on existing, less urgent projects be deferred, possibly even into the next financial year.
- The June-July financial year is not a convenient break-point in some important instances. One of these is the Antarctic fisheries research programme. The meeting of the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) takes place in October-November each year. This is the meeting where the research and management obligations of the member nations, including New Zealand, are determined for the following year. However, by that time, the Ministry's research programme for the next fiscal year is almost completely locked in. In addition, we are unable to conduct CCAMLR-mandated stock assessments until data from the commercial fishery are available. This depends on the timing and extent of the fishery, which can vary from year to year. In some years the data may be available in May-June, but in other years not until July. Given the tight timeframes between CCAMLR meetings, it is prudent to conduct the assessment as early as possible. Therefore, we need to plan research for these projects on a contingency basis, anticipating that research expenditures may occur in the May/June period, but that they could actually be deferred into the next financial year.
  - Other examples that can straddle the financial year include research surveys of some of our major fish stocks. Several of these spawn during the winter period and, depending on environmental conditions in a given year and the availability of suitable research vessels, the optimum time for a survey may be June or it may be July. As these surveys generally cost in the order of \$1 million to \$2 million, this can have a significant impact on our carry-forward needs.
  - Regarding the last two bullet points, if the Ministry doesn't plan for the possibility that certain important research may take place in the May/June period rather than July/August, we may not be able to undertake them at all because they will not, therefore, form part of our consulted "Required Research Services".
  - In each recent financial year, the Ministry actually has spent close to its budgeted research allocation. However, this tends to be made up of about \$2.5-3.5 million in carry-forwards from the previous financial year and about \$2.5-3.5 million carried forward into the next financial year. As a result of the carry-forward request in each year, we are often said to have underspent our research allocation by that amount. However, this is not actually the case; rather it is an accounting and timing issue resulting from the factors detailed above and summarised below.

### Why it is not possible to eliminate the need for carry-forwards

“Given that the Ministry has about \$2-5-3.5 million in carry-forwards each year, but then “underspends” by \$2.5-3.5 million and requests that this be carried forward to the next year, why don’t we just do a one-off catch-up, so that we can dispense with carry-forwards and simply spend the entire allocated budget within the financial year to which it’s been allocated?”

Our response to this question is detailed in the text above and summarised below:

- most research contracts straddle more than one financial year, frequently two years, and occasionally 3-5 years;
- when MFish awards a contract, it is for the total contract price, not just the part scheduled for the current fiscal year; therefore our obligations extend beyond the current financial year;
- payments are made only after achievements of infrequent milestones;
- New Zealand’s fisheries science research capacity is well below optimal levels - partly because the current system does not enable long or even medium-term capacity planning; but also because of the world-wide shortage of qualified scientists;
- the research programme for a given July-June financial year is essentially set in place by October/November of the previous year. But some of these projects may not be destined to start for a further one and a half years or more. In the meantime, the need for particular research projects may have been surpassed or modified, or compromised by higher priorities;
- there is a need to conduct contingency planning for research that may need to be undertaken in the May/June period or may need to be deferred until July/August;
- more importantly, ad hoc urgent requests for research projects from the Minister of Fisheries and other government entities must, by necessity, override current research programmes with lower urgency; as a result current milestones for projects that are less time-critical may need to be deferred;
- research providers often bid for more contracts than they can feasibly resource, anticipating that they won’t be awarded all of them (and potentially being awarded more than the amount they can feasibly deliver upon);
- implementation of the “Tier1 / Tier 2” system so that withdrawn research projects can be replaced with other high priority projects requires waiting to go out to tender for a Tier 2 project until the Tier 1 project has been withdrawn. This means that, while it may be possible to award a Tier 2 contract in a given financial year, it may not be possible to achieve many of its milestones in that same year.”

Regarding paragraph 46, it is not accurate to say that “the baseline funding will be sufficient for the Tier 1 projects”; rather Tier 1 projects are defined as those that are able to be fitted into the limited research budget. Tier 2 projects do not necessarily have lower priority, as priority is a matter of both the overall importance of a project and also the costs. Many projects end

up being classified as Tier 2 because they are high cost projects, not because they have low priority. Most Tier 2 projects are classed as having high priority, with only a very small number having medium priority.

The reason for categorising such projects as Hector's and Maui's dolphins, fur seals and benthic effects at the Tier 2 level is because they have not formed part of our core research in previous years, and the current budget is not able to support research in those areas. They are "new initiatives".

The Chatham Islands marine recreational fishing survey was classified as a Tier 1 project for the 2008/09 fishing year because the fisheries managers responsible for this region have requested that it occur for several years, and argued strongly in favour of it going ahead. Note also that the cost of such a project is far lower than the likely costs of each of the three Aquatic Environment projects mentioned by SeaFIC.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Observers

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	26
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Page 4; paras 21 – 24 SeaFIC: pages 3 and 9 – 11; paras 14 – 18, and 48 - 54

### Submission details

#### Sanford

21. Sanford have always maintained that there is a need for observers on vessels to ensure that a robust level of research is undertaken for biological sampling and monitoring for fisheries management purposes (TAC and TACCs setting purposes). We contend that the level of coverage needs to ensure that the information is statistically robust, and useful. But equally that the coverage is assessed in accordance with prioritised outputs, i.e. we see no need to have observer coverage for fisheries where there is no identified sustainability concerns or management intervention required.

22. The increase in observer days and costs in the consultation document is of concern. The consultation document proposes an annual observer day rate of \$598 per day (average). This in our view is an unjustifiably high amount. Firstly, Sanford believe that this rate can be significantly reduced by making observer services contestable to provide for a competitive market, enabling transparency of costs and ultimately driving observer rates down.

23. An example of the current exorbitant rate is in the Ross Sea where we target toothfish. Sanford is required to have two observers on board when fishing, one being an MFish observer charging at a rate of NZ\$598 per day and another an international CCAMLR observer, at a lower rate of NZ\$315 per day. The tasks undertaken on the vessel by both observers are identical.

24. Also, the desired levels of observer coverage could be obtained more cost effectively by regionalising observer coverage rather than using irrational proposals such as 5 day notification periods as proposed in a recent seabird regulation proposal<sup>1</sup>. Regionalisation would entail having observers employed, and living in the regional locations of the major fishing ports. This would provide the opportunity to have available on standby observers that are ready to leave on a fishing vessel within hours of notification. They can also stand down at no additional costs, or inconveniences if the fishing trip departure time changes. Further, travelling to and from Wellington for briefing and debriefing could be discontinued and undertaken electronically or by telephone conferencing. These are simple but cost saving solutions.

#### SeaFIC

14 The Ministry is seeking to spend an additional \$1.8 million on observers in 2008/09. Of that amount, \$0.9 million is to meet cost increases and \$0.9 million for the additional 2,400 days. The additional services sought under the new initiatives bid are based on future decisions relating to the Hector's and Maui's Threat Management Plan, the seabirds standard, a review of scientific sampling programmes and the direction of CSP observer programmes.

15 For a number of reasons including a 30% resignation rate and low recruiting rates, the Ministry has not been able to deliver more than 80 % of its programme in the last five years. To project that the Ministry can deliver 14,000 days in 2010/11 from its 2006/07 levels of 5,969 is not realistic.

16 The Ministry has been unable to manage the observer activity within any reasonable financial standards (costs have risen on average 9.5 % in each of the last 5 years) and the Ministry has shown little desire to introduce more cost effective solutions. The average cost of an observer day in 2008/09 is budgeted to be \$598, with less than half that amount being paid in observer salaries.

17 Observers have traditionally been a major component of the Ministry's at-sea compliance operations. With the introduction of Project Protector, the observers' role in that activity should be substantively reduced. This would allow observers to focus their operations solely on the scientific aspects of their role and provide opportunities for observer services to be procured on a contestable basis.

18 Industry considers that:

- a. the \$0.8 million of existing baseline funding should be transferred to the research allocation;
- b. the allocation could be further reduced in line with the more limited role for observers;
- c. any additional observer requirements in 2008/09 needed as a consequence of the decisions yet to be taken should be provided by restructuring the existing programme; and
- d. observer services should be purchased on a contestable basis.

48 We note the Ministry proposes to increase the budget and the scheduled days for observers as follows:

		<b>2007/08 SOI</b>	<b>2008/09 Plan</b>	<b>%age change</b>
Budget	\$m	4.013	4.821	+20.1
Scheduled Days	No	7,462	8,085	+8.3
Average daily cost	\$	500	598	19.6

49 We do not accept that a 20% increase in the average daily rate of an observer, even accounting for a change in mix between inshore and other days, is acceptable or reflective of good management of this service. In the last five years, the average budgeted cost of an observer day has risen from \$380 to \$598, an average annual rise of 9.5%. Such cost escalation is untenable. Given that the average salary of an observer at-sea day is \$266, an average cost of \$598 is unreasonable and a means to provide more cost effective solutions, such as video-conferencing, must be found. Given that only 16% of trips are provided by observers from their home ports, the Ministry should consider an observer recruitment strategy that would result in a better correlation of observer locations and trip departures.

50 We also note the Ministry's past performance in delivering observer days.

<b>Year</b>	<b>Days Projected</b>	<b>Days Delivered</b>	<b>%age delivered</b>
2006/07	7,635	5,969	78
2005/06	7,640	5,363	70
2004/05	7,250	5,625	78
2003/04	7,950	5,667	71
2002/03	7,950	6,603	83
<b>Total</b>	<b>38,425</b>	<b>29,227</b>	<b>76</b>

51 Given the Ministry's continued inability to deliver the programmed days, it seems ill-advised to again raise the target for days. The Ministry has yet to prove a capability to deliver 7,000 observer days, let alone 8,000. With an observer resignation rate of around 30% per annum and limited recruits, the inability of the Ministry to attract and retain appropriately qualified observers effectively constrains the delivery levels.

52 SeaFIC cannot agree with the Ministry's decision to allocate additional funds to the observer activity in preference to research services. Observers provide data input for research projects and are a corollary to research activities. It is unreasonable to provide observer services with priority access to funding over research needs. Insofar as industry is concerned, we consider this reflects the lack of strategic thinking prevalent in the Ministry and the desire of the Ministry to manipulate the appropriation process.

53 In the past, observers have played a major role of the Ministry's at-sea compliance operations. That role is now to be performed through the Project Protector initiative with the introduction of an additional 22 compliance staff and over 1,000 sea-days surveillance. Observer services will accordingly have a reduced role in fisheries management, focusing more on their scientific activities. The level of observer services should be accordingly scaled back to reflect the reduction in scope. Furthermore, the concentration on scientific activities should pave the way for procuring at least some observer services on a contestable basis, rather than sole Ministry provision.

54 Current Ministry practices are to levy industry the full amount of the budgeted days and then consistently deliver a lesser number of days. However, industry does not receive a full recovery of the cost of the non-delivered days through the Unders and Overs system. The Ministry ensures that its fixed costs are recovered irrespective of how many days are delivered. SeaFIC considers it would be more equitable if the Ministry levied for only 80% of the cost and then recovered the remainder through the Unders and Overs process. This would result in a better management focus on observer services and ensure quota-holders are not acting as lenders to the Crown for services that cannot be delivered.

### **Ministry response**

The Ministry agrees with Sanford's comment that Observer requirements should be determined by fisheries objectives. Each of the fisheries working groups, which include stakeholder representatives, has developed, where there is a requirement for Observer services, projects titled "Research Observer Services. These projects detail overall and specific objectives for Observer coverage together with the coverage required. These projects are subject to the Ministry's thorough consultation process which provides all stakeholders the opportunity to comment on any and all aspects of the project.

The Ministry rejects the argument from SeaFIC that costs are not managed. The Observer services output has a separate and distinct budget which facilitates financial management and transparency of cost. The average observer day rate of \$598 per day is a full rate including travel and accommodation costs. It has been determined from the actual year to date financial position for 2007/08 and is comparable to the full year average cost for the 2006/07 year of \$582 per day.

The 2008/09 year weighted average cost for observer coverage in all fisheries (other than those provided to DoC for inshore fisheries) is expected to be \$555 per day. The Ministry's charge out rate for CCAMLR Ross Sea coverage will therefore be at this provisional rate.

Sanford's comment that the cost for the international CCAMLR observer is lower than the New Zealand rate needs to be seen in context. The figure quoted (\$315 per day) is the daily rate when at sea and excludes air travel and any other associated costs with employment of the international observer. The New Zealand rate is a fully inclusive cost. If Sanford's wish to compare costs then they should be mindful of the need for them to be on an equal basis.

The Ministry will investigate the cost saving solutions raised by Sanford in the fisheries that operate out of major fishing ports, along with continuing with current projects that are designed to further enhance the efficiency and effectiveness of the Observer programme, such as the electronic capture of data at sea.

Both Sanford and SeaFIC have suggested that the provision of Observer services be made contestable. The Ministry notes that this suggestion has also been made in previous years and was discussed by the then Chief Executive and SeaFIC. Until there is any decision otherwise, these services will continue to be provided by the Ministry.

Observer Services management continues to run two observer recruitments per year to ensure that we have a fully trained and competent Observer pool. The resignation level from the 2005/06 and 2006/07 years currently sits at 23% and 5 % respectively. The size of the observer pool has grown by 18% over the last two years. The year to date coverage for 2007/08 is within 10% of the overall target.

The Observer coverage plan for 2008/09 requirements are determined by the Ministry's Science Working Groups, the Ministry's Compliance business group, DoC and Industry (permit and regulatory coverage requirements). The Compliance component of the plan for this year remains steady at the 2% of the total days requested (Science is at 61% and DoC at 18% of all planned days).

The Ministry acknowledges the SeaFIC comment that Observers play a useful part in at-sea compliance, but the contention that their role would be substantively reduced with the advent of Project Protector is incorrect. Fishery officers perform quite different functions from Observers and have powers that cannot be exercised by Observers.

SeaFIC's comments that the Ministry is manipulating the appropriation process in its allocation of funding for observers and fisheries research demonstrates a lack of understanding of that process. Along with other stakeholders, SeaFIC is a party to the research planning process conducted by the Ministry in the development of the research projects to be undertaken in any year. There are several opportunities to comment on the research programme, its content and funding and the Ministry would expect SeaFIC to play a full part in that process.

All Ministry services bear a proportion of its fixed costs. Delivering a lesser number of days in the Observer service does not alter that and to do as SeaFIC suggests by levying for only 80% of the cost and then recovering the remainder through the Unders and Overs process would shift the incidence of the fixed costs to other services, some of which would be cost recovered. Additionally, the Fisheries (Cost Recovery) Rules 2001 specify the proportion of costs to be recovered through fisheries services and for Observers this is 100%.

### **Recommendation**

It is recommended that you:

- a) note the comments from submitters;
- b) note the response from the Ministry.

## Fisheries Management Plans

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Sustainability and management controls
<b>Proposed services page no.</b>	27
<b>Page and paragraph number from stakeholder submission</b>	TOKM: page 2; para 5

### Submission details

#### TOKM

5 Te Ohu Kai Moana supports the development of fisheries management plans to provide for greater stakeholder input and participation in fisheries management, and to achieve alignment across sectors. Te Ohu Kaimoana has invested a significant amount of resources into the development of fisheries management plans over the past 7 years. However our experience to date has been very disappointing. MFish has constantly shifted the goal posts in relation to issues such as who should or shouldn't be allowed to develop a plan including who leads that development?, what should and shouldn't be in a plan?, and so on. The net outcome is a loss of confidence in the ability of MFish to deliver on fish plans that can respond in a dynamic way to the critical issues facing a fishery in the unique manner that the fishing sectors agree are needed for that fishery – rather than a generalised solution that applies in a fashion to all fisheries. We do not seek consistency – we want the most effective solutions for each fishery.

### Ministry response

The Ministry is pleased that Te Ohu Kai Moana supports development of fisheries plans to provide for greater stakeholder input and participation in fisheries management, and to achieve alignment across sectors. We consider these are important objectives for fisheries plans. The Ministry accepts that its approach to developing fisheries plans has changed over the last seven years, however, for the last three years the Ministry has been pursuing a largely consistent approach. The feedback we are getting from fisheries plans currently underway has been very positive and we expect that confidence in the current approach will grow with ongoing participation in the planning process.

The Ministry notes Te Ohu Kai Moana's concern that fisheries plans may not be able to achieve effective and dynamic solutions for each fishery. It is our goal that fisheries plans support and are responsive to what is of value to Tangata Whenua and the stakeholders of each fishery. We have tried to demonstrate our willingness to let fisheries plans develop along their own course including supporting others who wish to take a greater role in leading them. This is not intended to be a 'one size fits all' approach.

Fisheries plans will be the basis of making decisions about where to direct Ministry resources. We expect the demand from all fisheries plans for services – including research, sustainability and regulatory changes – to exceed our capacity. To manage this we need to look across all the fisheries plans to see where the best value can be achieved with our resources. Some degree of consistency across plans is required to make our resource decisions more transparent and effective. At this early stage we do not expect this to come at significant cost to innovation in each fishery. As we move forward together on each fisheries plan you should

feel free to raise with us any specific concerns that arise where you feel the drive for some consistency is impeding the plan's ability to achieve best value.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Sustainability and management controls

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Sustainability and management controls
<b>Proposed services page no.</b>	27
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 11; paras 55 - 58

### Submission details

#### SeaFIC

55 We note that the budget for this output is again receiving additional funding. In the last three years, funding for this output has increased by \$6.3 million or 73% over the period. In contrast to the expanding budget, the outputs from the activity do not match expectations. Industry has serious concerns as to the level of resources being applied to the development of standards and plans to the detriment of progressing operational matters.

56 For example, the output plan for 2006/07 referred to generic standards being completed by 30 December 2006. By the end of June 2007, three draft standards, out of the 18 listed, had been issued. The harvest strategy standard was re-written as a consequence of submissions and is now being re-consulted. The other two standards have not been approved or advised to stakeholders that they have been approved. For 2008/09, it is planned that only 5 standards will be developed.

57 Equally in fisheries plans, there are 26 plans envisaged, yet the Ministry will only be developing 13 of those in 2008/09.

58 Industry remains highly concerned at the resources and efforts being assigned to these activities when the initiatives have yet to provide any proven or tangible benefits to fisheries management.

### Ministry response

As a result of SOI feedback previous SOIs, the Ministry is implementing its objectives-based approach through a closer working relationship with Tangata Whenua and the other stakeholders to develop fisheries plans. The Ministry recognised that to work collaboratively with stakeholders would take longer and require resources from the Ministry and the other participants. The Ministry fully expects that this increased investment in resources will provide benefits to the fisheries and its users. The feedback we are getting from participants in fisheries plan advisory groups is generally very positive and we expect that confidence in the current approach will grow with ongoing participation in the planning process.

The development of fisheries plans is based on completing the majority of fisheries plans within a 5 year cycle. These estimates will be revised in the light of experience in developing plans.

Expected progress in developing standards has been revised in the light of feedback from stakeholders, resourcing priorities, and recent experiences in standards development. The Ministry's proposed approach is to concentrate first on a smaller set of the most important standards.

The Ministry acknowledges there needs to be a balance maintained between the investment in the objectives-based management approach and managing operational issues as they arise. Over the past year we have provided a similar or sometimes greater level of service in the area of TAC/TACC advice and regulatory changes covering most of the issues proposed by the Ministry and stakeholders. The Ministry has also dealt with some backlog issues such as deemed value reviews.

A total of \$1.835 million has been transferred into this output for 2008/09, comprising:

- \$1.050 million to fund environmental certification
- \$0.785 million to fund the processing of aquaculture permits.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Ministry obligations to provide for input and participation

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Settlements
<b>Proposed services page no.</b>	28
<b>Page and paragraph number from stakeholder submission</b>	Kahungunu: section 4; paras 4.1 – 4.5

### Submission details

#### Kahungunu

- 4.1 The Draft Consultation Document on the Proposed Fisheries Services states that ‘Iwi Rohe Moana Management Plans’ would have the benefit of improving the Crown’s ability to meet statutory obligations to provide for the input and participation of tāngata whenua into key fisheries management decisions. Kahungunu ki Uta, Kahungunu ki Tai is concerned about the methods the Ministry is currently utilising to consult and engage with hapū and iwi.
- 4.2 The Fisheries Act 1996 contains some of the most strongly-worded references to the Treaty of Waitangi of any New Zealand legislation. Section 12(1)(b) of the Act requires the Minister of Fisheries to provide for the “input and participation” of tāngata whenua and to have particular regard to kaitiakitanga. The Courts have not been asked to definitively determine what is meant by “input and participation”, but it is clearly something more than the “consultation” referred to in s.12(1)(a). Despite these clear statutory directives the Ministry’s efforts to engage with coastal hapū and iwi have largely been ineffective to date.
- 4.3 The Ministry, through its Deed of Settlement Implementation Programme has focused on the establishment of regional iwi forums, relationship managers (Pou Hononga) and the establishment of an Extension Services Team. Our group considers that, in doing so, the Ministry is misdirecting its obligation to provide for the input and participation of tāngata whenua.
- 4.4 The Ministry expects that Extension Services Officers will assist hapū representatives at regional forums in undertaking their role in fisheries management. However, in the Kahungunu rohe, at least, the forum has focused solely on Tāngata Kaitiaki, ignoring hapū and iwi. Moreover the Pou Hononga, Extension Officers, kaitiaki forums and the Tāngata Kaitiaki are the Ministry’s expression of what the Ministry thinks customary rights holders need to manage and express their customary rights and kaitiaki responsibilities. Each of these agents were the vision and conception of the Ministry, not of iwi or hapū, and they do not speak for those with kaitiaki responsibilities. Tāngata Kaitiaki do not hold the mandate for the customary fishery – they are the servants of the coastal hapū who appointed them.
- 4.5 The Ministry should be engaging directly with hapū and iwi who hold customary rights and kaitiaki responsibilities. Its obligation is to provide for input and participation of *tāngata whenua*, i.e. hapū or iwi who hold customary rights and kaitiaki responsibilities, not Tāngata Kaitiaki who may be appointed by them to carry out a specific – but limited – role. For example, it is for coastal hapū to develop rohe moana plans, not Tāngata Kaitiaki, the Ministry or anyone else. Coastal hapū will then instruct Tāngata Kaitiaki as required. For Ngāti Kahungunu, the process of

consultation, reaction and proposal will be cost-effectively and efficiently maintained through the “single door” policy referred to above.

### **Ministry response**

The Ministry acknowledges its obligations to act in a manner consistent with the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992, and provide for the input and participation of tangata whenua and have particular regard to Kaitiakitanga.

It also agrees that tangata kaitiaki should hold the mandate and represent the views of the hapu who have appointed them. The Fisheries (Kaimoana Customary Fishing) Regulations 1998 provide for hapu or iwi to appoint tangata kaitiaki to administer customary fishing. Tangata kaitiaki appointments by hapu or iwi are confirmed by the Minister but the authority for their operation and the direction of their activities rests with tangata whenua not the Ministry. The process for appointing tangata kaitiaki under those regulations contains dispute resolution procedures to ensure that mandates to appoint tangata kaitiaki are genuine.

Thus, the Ministry disagrees that working with tangata kaitiaki is to ignore hapu. However, the Ministry agrees that hapu and iwi should be more closely involved in fisheries management processes and that the current models for involvement through Forums could be improved. Iwi rohe management plans incorporate the views and objectives of hapu and iwi for the management of their collective customary, commercial, recreational and environmental interests. The Ministry’s Treaty Strategy, to be released later this year, will reflect the Ministry’s support for the view that hapu and Iwi should have the opportunity to have input and participate in fisheries sustainability processes. In the interim, the Ministry Extension Service will seek to include hapū and iwi when engaging and assisting with the development of fisheries management initiatives in the region.

### **Recommendation**

It is recommended that you:

- a) note the submitter’s comments;
- b) note the response from the Ministry.

## Fisheries (Kaimoana Customary Fishing) Regulations 1998

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Settlements
<b>Proposed services page no.</b>	28
<b>Page and paragraph number from stakeholder submission</b>	Kahungunu: section 5; paras 5.1 – 5.3

### Submission details

#### Kahungunu

5.1 The failure to acknowledge the need to substantially revisit and redraft the Fisheries (Kaimoana Customary Fishing) Regulations 1998 (the Regulations) is a glaring omission from the draft Statement of Intent and proposed services. Ngāti Kahungunu is among the majority of iwi who are crying out for such a review. The reality is that the regulations are not working as intended, as demonstrated by the many areas of the coast for which Tāngata Kaitiaki have not yet been appointed, and in some cases are having perverse and damaging implications.

5.2 In the opinion of Kahungunu ki Uta, Kahungunu ki Tai, the Ministry needs to begin listening to what iwi and hapū are saying on this subject. A review of the regulations premised on the Ministry's view of what is required will not meet the needs of iwi and hapū. Among the priorities issues for tāngata whenua are getting the processes for appointing Tāngata Tiaki right and facilitating the development of initiatives such as Pataka Kai. It has become apparent that the range of tools for customary fisheries management is inadequate.

5.3 It is recommended that a further 'new initiative' bid should be made by the Ministry for consultation with iwi and hapū as to how the regulations need to be amended, and that this be a priority project for the Ministry, to be completed within the 2008/09 financial year.

### Ministry response

The Ministry has investigated the Pataka Kai proposal and concluded that it can not be legally implemented under the existing customary regulations. The Ministry does not currently consider that review of the customary regulations is of sufficient priority to be carried out within current resources constraints. The Ministry does consider that the work to extend those regulations to freshwater fisheries is justified and is undertaking this work.

While the Ministry believes the regulations are, by and large, working, it is acknowledged some areas within the regulations need attention. However, a review, to be meaningful, will be resource intensive. The Ministry will shortly be initiating discussion with iwi on delivery of obligations to Maori through the Ministry's Treaty Strategy. That process will provide for discussion of means to better deliver on those obligations, including shortcomings in current mechanisms and processes.

### Recommendation

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Electronic Catch Effort Data Transfer

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Registry services and permits
<b>Proposed services page no.</b>	30
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Page 5; paras 30 - 31

### Submission details

#### Sanford

30. Sanford support an electronic data transfer system from vessels to provide the fishing permit holder to optionally submit catch effort documentation. This will provide administration efficiency, and reduce the costs imposed to Sanford.

31. Sanford request that this project be included in the Fisheries Services 2008/09, and commenced immediately.

### Ministry response

The Ministry acknowledges the support from Sanford. We are currently working with FishServe on a proposal to have catch and effort data provided to the Ministry by way of electronic data transfer. This will also require a change to the Fisheries (Reporting) Regulations so that a permit holder will be able to choose whether to remain with the current option of providing returns by paper or provide the forms electronically.

### Recommendation

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Fisheries compliance

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Commercial fisheries compliance
<b>Proposed services page no.</b>	32
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: pages 11 and 12; paras 59 - 63

### Submission details

#### SeaFIC

59 The Ministry proposes to increase the level of commercial activity from \$9.66 million to \$10.84 million with offsetting decreases in the non-commercial activity. The Ministry contends that levels of high-grading, dumping and area mis-reporting are increasing and pose a significant threat to the integrity of the QMS.

60 The following table provides data on commercial compliance activities

<b>Year</b>	<b>Budget \$m</b>	<b>%age increase %</b>	<b>Actual Expenditure \$m</b>
2008/09	10.839	+12.2	
2007/08	9.661	+1.7	
2006/07	9.494	-1.7	9.552
2005/06	9.663	+1.5	9.293
2004/05	9.518	+13.1	9.925
2003/04	8.412		8.759

61 While the Ministry has asserted that the level of serious offending has risen, the Ministry provides no support for that assertion. Furthermore, when the expected performance levels (vessel inspections, LFR inspections and investigations) are compared, there are no volume increases on the actual levels of 2006/07 or the expected levels for 2007/08. There is no justification for a 12% increase in the budget for these services.

62 At present, much of the activity of the compliance unit is focused on maintaining the integrity of the QMS reporting systems with reconciliation and auditing of catch records, landing returns, LFR processing returns and dealer in fish returns. While reporting systems need to meet integrity levels, such systems do not provide effective deterrents to offending that will threaten the sustainability of the fisheries. The Ministry needs to re-assess the priorities for compliance expenditure and transfer resources as appropriate from an auditing focus to a deterrent focus rather than seek increased resources at the expense of non-commercial compliance.

63 We disagree with the transfer of funds from the non-commercial compliance activity to fund the additional compliance services. The scale of non-commercial offending continues at high levels and may pose a wider sustainability risk than commercial offending.

### Ministry response

SeaFIC contends that the Ministry has provided no evidence to the commercial fishing industry to rationalise an increase in Commercial compliance funding. This is incorrect.

While the rationale is not detailed in the draft SOI, the Ministry of Fisheries and various members of the commercial fishing industry both sit on the Joint Compliance Working Group at which these issues, including the relative levels of risk between the commercial and non-commercial sectors, have been discussed in depth. Other than the investment in fishery officer health and safety referred to earlier, there has been not been any additional investment in commercial compliance activities in the last 5 years.

The volume measures that SeaFIC notes in its submission refer, in the majority, to surveillance measures, whereas the increase in resource and activity will be concentrated in the investigations group. Commercial investigations are increasingly becoming more complex and expensive (for example in the forensic area) to complete, resulting in increased resource requirements.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Aquaculture

<b>Departmental output expense</b>	N/A
<b>Output</b>	N/A
<b>Proposed services page no.</b>	4
<b>Page and paragraph number from stakeholder submission</b>	ANZ: Complete submission

### Submission details

#### ANZ

Overall Aquaculture New Zealand supports the positive approach to aquaculture outlined in the draft consultation document. Achieving the goals stated in the New Zealand Aquaculture Strategy, and the government's response, Our Blue Horizons – He Pae Kikorangi, requires government and the industry working together in partnership.

The aquaculture industry has set itself ambitious but achievable goals, with a primary target of sales value of \$1b/year by 2025. This will be achieved through a combination of an improved regulatory environment; expansive research and development into new techniques and aquaculture species; and targeted market development and marketing.

The industry, through Aquaculture New Zealand, is working closely with a range of government agencies including the Ministry of Fisheries and others to achieve these goals. A continued partnership approach between the aquaculture industry and central and local government is critical to fulfilling the potential of aquaculture in New Zealand.

#### ***Contribute to economic transformation through the seafood sector Sustainable aquaculture development***

- Lead government response to Aquaculture strategy

AQNZ supports the Ministry of Fisheries leading the government response to the Aquaculture strategy. AQNZ believes clear leadership within central government on aquaculture is critical.

- Work with stakeholders to identify and progress priority opportunities for aquaculture development

Identifying and progressing priority opportunities for aquaculture development are key short term goals for AQNZ. New space for both commercial development and experimental aquaculture research is critical to developing the industry. Industry must have a core role in identifying priorities for any new aquaculture development as it will be industry that will invest the capital and infrastructure to develop the new space and any new space must meet the needs of the industry.

- Foster public confidence in aquaculture

AQNZ supports this priority. As with any industry operating in 'public space', the confidence of the public is critical to the future and ongoing development of the industry. There is a significant amount of misinformation regarding aquaculture in the public domain and providing accurate and easy to understand facts about the industry is required to improve the

level of public confidence and support for the aquaculture industry. AQNZ has recently appointed a communications manager to support AQNZ communicating both with the industry and to the public generally.

- Facilitate development of the industry strategic research plan

Research and development is critical to the long term future of the aquaculture industry. While the support of the Ministry of Fisheries is important to the development of this plan, the development of the industry strategic research plan is being led by the industry through AQNZ. We consider it would be more accurate to describe this work area as: “*Support the development of the industry strategic research plan*”

- Complete outstanding permit applications

The outstanding permit applications have the potential to contribute much needed ‘new space’ for aquaculture development. AQNZ strongly supports these outstanding permit applications being progressed as quickly as possible.

- Reform statutory framework for aquaculture

AQNZ has been working closely with a range of officials, including the Ministry of Fisheries to seek a cabinet decision agreeing to a fundamental review and reforms to the current aquaculture regime. We support this as a priority activity for the Ministry and look forward to continuing to work with officials to progress the reforms.

### ***Environmental Certification***

- Support certification of wild fisheries and aquaculture

AQNZ supports this work priority. Sustainability is a critical aspect of New Zealand’s aquaculture industry and appropriate certification will also be an integral aspect of marketing and market development.

- Develop New Zealand standards for sustainable aquaculture

This work priority needs to be clarified further to detail what the proposed format for these standards will be. AQNZ’s understanding is this will involve development of codes of practice or independent certification standards to underpin an eco-certification regime. AQNZ does not support a regulatory approach through compulsory national standards.

### ***Implement Treaty Strategy***

- Assist with iwi rohe moana management plans

Iwi have a key role to play in the future development of the aquaculture industry both through the aquaculture settlement, and more generally through their economic development activities. Ministry support for the development of iwi rohe moana management plans would provide positive support for iwi to exercise both their kaitiakitanga responsibilities and also strategically assess and plan future aquaculture, and wider fisheries development.

## ***Aquaculture Settlement***

- Ministers plan for the future delivery of the Crown's obligations

AQNZ believes that as much certainty as possible needs to be provided to both Iwi and existing industry stakeholders about how the Minister intends to progress delivery of the Crown's obligations under the settlement regarding the pre-commencement space. Therefore we support the development of the Ministers plan as required by the settlement legislation as soon as possible.

- Crowns obligations are honoured

As outlined above, Maori participation is critical to the long term development of the aquaculture industry. Honouring and fulfilling the Crowns obligations under the settlement is an important part of promoting Maori participation in the industry. This will also provide iwi with space and/or capital for aquaculture development and they will continue to be a key player in the aquaculture industry fulfilling its potential.

### **Ministry response**

The Ministry acknowledges Aquaculture New Zealand's support for the overall approach being taken to sustainable aquaculture development and its support for the environmental certification work programme.

We will continue to build on our good relationship with Aquaculture New Zealand (ANZ) to ensure projects are progressed in close consultation with industry and meet the needs of the industry. We will also work with ANZ to ensure standards for sustainable development are commercially relevant.

The Ministry also agrees with Aquaculture New Zealand that the goal titled "Facilitate development of the industry strategic research plan" should be changed to read "Support development of the industry strategic research plan".

The Maori Commercial Aquaculture Claims Settlement Act 2004 requires that the Minister of Fisheries must, by 31 December 2007, have started preparing a plan that:

- a. Provides an assessment of the progress made by the Crown in complying with the Crown's obligations for pre-commencement space under the Act;<sup>1</sup> and
- b. To the extent that the Crown has not complied with its pre-commencement space obligations; to provide how the Crown will comply.

The purpose of the plan is to provide more certainty about when the pre-commencement space settlement options in the Act will be used to deliver the Crown's obligation by 31 December 2014.

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<sup>1</sup> Pre-commencement space includes the aquaculture space created between 21 September 1992 and the commencement of the Act (1 January 2005) and also includes any space that is first approved under the old legislation after 1 January 2005.

The Act requires consultation in the preparation of the plan with;

- a. All iwi aquaculture organisations ('IAO') and recognised iwi organisations whose area of interest includes a part of the coastal marine area; and in relation to which the Crown has not, by 31 December 2007, satisfied its obligations under this Act; and
- b. Te Ohu Kai Moana Trustee Limited ('the Trustee') as trustee of the Maori Commercial Aquaculture Settlement Trust.<sup>2</sup>

This plan is actively being prepared and will be released for consultation in the 2<sup>nd</sup> quarter of 2008.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

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2 Section 4 – Interpretation 'trustee'

## PROPOSED FISHERIES RESEARCH PROJECTS

### PRO2008/01: Risk assessment of protected species bycatch in NZ fisheries

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	Research section 28 - 30
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 18; paras 97 - 99

#### Submission details

##### SeaFIC

97 SeaFIC agrees that assessments of the risk to protected species populations from fisheries bycatch should be carried out. We have concerns about the process of undertaking assessments and the funding of the project.

98 SeaFIC does not believe that the apparent methodological tidiness of having level 1 assessments for all protected species warrants revisiting those species which already have level 2 or 3 assessments. Furthermore, SeaFIC considers that the undertaking of level 2 or 3 assessments is not driven only by data availability, but by management needs. As yet those managements are poorly specified.

99 SeaFIC considers that this project is undertaken in the wider public interest and does not presume an adverse effect exists for the species. We note the Auditor-General's view that costs in establishing whether commercial fishing is having an adverse effect are appropriately Crown costs<sup>3</sup>. We believe this project should be Crown funded.

#### Ministry response

The Ministry noted SeaFIC's comments on project PRO2008/01 following the Research Coordinating Committee meeting on 16-17 October 2007, and ensuing written consultation. At that time, the Ministry indicated that it would discuss the scope and detail of this project with fishery managers and those developing relevant standards before finalizing the project summary. These discussions are underway. The Ministry also advised SeaFIC of its view that cost recovery was appropriate because the work was aimed at understanding and managing the environmental effects of fishing; consistent with s.262(d), commercial fisheries pose a clear risk to protected species through bycatch. This view, based on consistent advice, has not changed.

The Ministry recognizes that a review of cost recovery is underway and the Cost Recovery Rules or Principles may change in the future. In the meantime, the Ministry continues to operate under the principles laid out in the Act and the current regulated rules.

#### Recommendation

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

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<sup>3</sup> Auditor-General. Department of Conservation: Administration of the Conservation Services Programme – Follow-up audit. February 2005.

## PRO 2008/02: Abundance, distribution, and productivity of Hector's and Maui's dolphin

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	Research section 31 - 35
<b>Page and paragraph number from stakeholder submission</b>	Sanford: Page 5; paras 27 – 29 SeaFIC: page 18 – 19; paras 100 - 102

### Submission details

#### Sanford

27. Sanford has previously expressed our concerns regarding the limited research that underpins the recent management proposals for The Threat Management Plan<sup>3</sup>. We reiterate that we are disappointed that research such as this has not been undertaken as a matter of urgency some time ago to ensure proper management of this protected species (a comment directed at the Department of Conservation equally).

28. The funding source of the research seems to be the area of concern. We maintain that irrespective of where the funding is acquired from (Department of Conservation or Mfish), then it should be undertaken as a high priority, and not cost recovered from industry. There is no doubt that this is a general public interest research project for the management of the population rather than the mitigation of adverse effects from commercial fishing.

29. Further, we maintain that the focus of research should be on the North Island Maui population where the size and geographic spread presents a higher management concern.

#### SeaFIC

100 SeaFIC considers that research of this nature is essential to the management of the threatened dolphin population and must be undertaken as a matter of urgency by a suitably qualified, independent research institution. We record our strong disappointment that DOC as the guardian of New Zealand's protected species has not seen fit in prior years to undertake the research necessary for the proper management of the species. We understand the factors that contributed to the Ministry proposing the project but they do not validate its inclusion in the Ministry's research projects. This research should be funded by DOC from the wider DOC appropriation. We note that the DOC appropriation totals \$285m, of which \$136m is budgeted for management of New Zealand's natural heritage. We find it surprising that DOC (which has the prime protection responsibility) is unwilling/unable to make a contribution to this research yet Mfish is considering giving up over \$1m of its \$20m budget to this research.

101 Irrespective of where the research is funded from, cost recovery is not warranted. There can be no doubt that this is "general public interest" research necessary for the management of the population rather than the mitigation of adverse effects from commercial fishing. While there may be implications for the need for improved future mitigation measures, they are not sufficient justification to cost recover the research.

102 We consider that the primary focus of the project should relate to the Maui's dolphin. Because of its size and geographical spread, the Hector's dolphin population does not face the same level of risk as the Maui dolphin. The urgency for the research arises from the risks facing the Maui's population. We recommend that Mfish in conjunction with DOC, industry and stakeholders should re-evaluate the details of research project relative to the separate risks

and management needs for Maui's and Hector's dolphins. In respect of the Maui dolphin, we consider that it is imperative that the Maui population be known to a greater degree of detail than is currently known. The objective should be to obtain data for each dolphin in the population – not a sample. We would suggest that dolphins should be tagged, identified and genetically analysed. The tags should allow for satellite tracking to establish home ranges and proof of life. The genetic analysis needs to provide age and sex structures and test for the existence of brucella in females.

### **Ministry response**

The Ministry noted SeaFIC's comments on project PRO2008/02 following the Research Coordinating Committee meeting on 16-17 October 2007, and ensuing written consultation. At that time, the Ministry agreed that this work is extremely important, and noted the time and thought that SeaFIC put into their submission. The Ministry also noted SeaFIC's disappointment that this work has not been funded in the past by DOC and suggests that this is communicated to the Department directly.

However, the Ministry also pointed out that it was quite unhelpful for SeaFIC to compare DOC's total annual appropriation of \$285m (\$136m for management of natural heritage) with MFish's annual research budget of \$20m and a total project price of over \$1m (to be spent over 4 or 5 years). It is unfortunate that SeaFIC sees fit to repeat that same "apples and oranges" comparison in this submission. It is almost guaranteed to mislead and has no place in a rational discussion about the appropriate funding agency.

The Ministry has proposed this study because the risk assessment modeling recently discussed by AEWG has highlighted the great uncertainty in our understanding of risks to the viability of both Hector's and Maui's dolphins. It will take some time to reduce this uncertainty, especially given the limited research budget, but suitable information can be collected. Discussions are currently underway between the Ministry's Science and Operations Teams to assess the relative risk profiles and priority for research for the different subpopulations under different proposed options under the draft Threat Management Plan.

The Ministry believes that cost recovery is appropriate for PRO2008/02 because this work is aimed at understanding and managing the environmental effects of fishing and, consistent with s.262(d), commercial fisheries pose a clear risk to Hector's (and, probably to a lesser extent Maui's) dolphins through bycatch.

The Ministry recognises that a review of cost recovery is underway and the Cost Recovery Rules or Principles may change in the future. In the meantime, the Ministry continues to operate under the principles laid out in the Act and the current regulated rules.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## PRO 2008/08: Abundance and distribution of New Zealand fur seals

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	Research section 38 - 39
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 19; para 103

### Submission details

#### SeaFIC

103 SeaFIC recognises the need for information on the abundance and distribution of NZ fur seals. However, as we discussed earlier in this submission, we consider that abundance estimates of protected species are public good science. There is no recognised adverse effect on the fur seal population from fishing. Accordingly, the project should be Crown funded.

### Ministry response

The Ministry believes that cost recovery is appropriate for PRO2008/08 because this work is aimed at understanding and managing the environmental effects of fishing and, consistent with s.262(d), commercial fisheries pose a clear risk to fur seals through bycatch.

The Ministry recognizes that a review of cost recovery is underway and the Cost Recovery Rules or Principles may change in the future. In the meantime, the Ministry continues to operate under the principles laid out in the Act and the current regulated rules.

Nevertheless, if the fishing industry designs and executes credible research, the project will be withdrawn.

### Recommendation

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

**OBS2008/01: Research Observer Services to estimate the nature and extent of incidental captures of protected species in the New Zealand fisheries.**

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	Research section 39 - 44
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: page 19; paras 104 - 106

**Submission details**

SeaFIC

104 SeaFIC supports a workshop to consider protected species observer coverage. We note that specific policy decisions (i.e. with respect to annual vs. rotational observer coverage) are required, informed by work that indicates high coverage levels required to estimate bycatch numbers to a precision generally considered acceptable.

105 SeaFIC also notes that protected species and non-fish bycatch will be reported via a regulated Ministry form from 1 April 2008. As a result, observer coverage will no longer be the only tool to allow quantification of fisheries bycatch. Furthermore consideration needs to be given to the extent to which observers are present in a data gathering or compliance role,

106 We note the Auditor-General's view that costs in establishing whether commercial fishing is having an adverse effect are appropriately Crown costs<sup>4</sup>. We consider this project should be Crown funded.

**Ministry response**

The Ministry notes SeaFIC's support for a workshop to consider protected species coverage and is working closely with the Department of Conservation.

The Ministry believes that cost recovery is appropriate for this project because this protected species observer coverage is aimed at understanding and managing the environmental effects of fishing and, consistent with s.262(d), commercial fisheries pose a clear risk to a variety of marine mammals, seabirds, and other protected species through bycatch.

The Ministry recognizes that a review of cost recovery is underway and the Cost Recovery Rules or Principles may change in the future. In the meantime, the Ministry continues to operate under the principles laid out in the Act and the current regulated rules.

**Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

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<sup>4</sup> Auditor-General. Department of Conservation: Administration of the Conservation Services Programme – Follow-up audit. February 2005.

## NEW INITIATIVE PROPOSALS FOR CONSIDERATION IN BUDGET 2008

### Recreational fishing charter vessel reporting

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Registry services and permits
<b>Proposed services page no.</b>	6
<b>Page and paragraph number from stakeholder submission</b>	Sanford: page 4; para 25 SeaFIC: page 13; para 69 TASFISH: section 3; paras 34 – 63 TOKM: pages 2 – 3; paras 6 - 9

#### Submission details

##### Sanford

25. Sanford support the urgent need to manage the recreational charter fleet<sup>2</sup> and note that this process has recently commenced by MFish. It is important to note that charter vessels are commercial operators and it is appropriate that MFish recover the costs of data collection and reporting from these vessels.

##### SeaFIC

69 Industry agrees with the need for catch reporting from the recreational charter vessel sector. However, since the charter vessel operations are a commercial venture, we consider it appropriate that the Ministry recover the costs of the reporting from charter vessel operators.

##### TASFISH

34 TASFISH understands that the recreational charter boat fleet in N.Z. has increased significantly in recent years and is harvesting a significant portion of the recreational take. If this is in fact the case TASFISH believe funding must be approved for a Charter Vessel Registration and Reporting regime and make the following submission.

35 The size and length of charter boat vessels has increased significantly over the past decade, this has enabled the charter fleet to take larger groups far greater distances.

36 Under current legislation any person with the appropriate launch master qualifications and an MSA (maritime safety authority) surveyed vessel can enter the charter fishing business and thus become a CBO (charter boat operator) for hire to the recreational fishing sector.

37 Currently CBO have no catch reporting system and this lack of information on the CBO harvest levels limits the ability of fisheries managers to make good decisions.

38 There is little value in gathering information or putting controls in place unless the information is used to improve the fishery. We do ask how this information is to be used.

39 We believe if fish stocks are too managed at sustainable levels on the basis of best available information then gathering data from CBO will add to the information fisheries managers have. Quite simply the information available on the size of and the location of the CBO harvest must improve to ensure fisheries managers make the best decisions

40 CBO are commercial operators, and some have suggested they should fall under the QMS (quota management system) and own quota. As CBO clients are amateur fishers and fish under the amateur fishing rules the option of a CBO being required to hold fish quota or ACE (annual catch entitlement) and operate under the QMS is not an option.

41 Charter boats have always been a significant harvester of the amateur catch and an important way for many amateur fishers to go fishing. However it is apparent that the size of the charter boat harvest is increasing and MFish have neither any information on the number of charter boats or the size of their catch.

42 With decline of inshore fisheries stocks due to commercial fishing's destructive bulk harvesting fishing practices amateur fishers have to travel greater distances to catch a feed. The need of the amateur fisher to travel further to catch a feed is met far more economically by the use of CBO as the cost of owning and running a boat to get you to where the fish are is not an option for many people.

43 Many organisations and communities around the country have concerns about the numbers of CBO in productive amateur fishing areas adopting a meat hunter approach. In particular commercial fishers having run out of ACE switching to becoming a CBO resulting in increased pressure on both the fishery and the legitimate CBO.

44 Couple this with the seasonal movement of CBO from port to port resulting in spatial conflict issues and localised depletion.

45 It is our submission that both a catch reporting system and a CBO licensing system be made mandatory for all CBO to ensure controls on and information from the CBO fleet.

46 All CBO should be required to hold a CBO license and each CBO would have a home port and fishing area they were licensed to operate in.

47 All current legitimate CBO would apply for and be granted a CBO license.

48 If a limit was set on the number of licenses available the target number permitted could be achieved through attrition e.g. retirement or inactivity.

49 CBO licenses should not have a market value and would not be automatically transferable.

50 Any transfer of a CBO license would need to be approved by the licensing authority and CBO would pay an annual license fee to the licensing authority.

51 CBO would operate under a code of conduct/practice that ensured good fishing practices.

52 CBO would be restricted from using certain gear; i.e. set nets, set lines and dropper lines.

53 CBO could have restricted DBL (daily bag limits) and be restricted on the accumulation of DBL.

54 Reporting on activity, effort and harvest by CBO must be implemented and we applaud the minister for this initiative – however we ask how can you gain information on the CBO harvest if you do not have a CBO register or licensing regime? Who do you know you should be getting reports from?

55 Daily activity, effort, location and harvest information must be made compulsory for all CBO.

56 CBO being required to submit trip and catch reports detailing effort and location (not the secret fishing spot but by reporting area) and landings can only improve information on the amateur catch as accurate information on this catch is critical for accurate stock assessment.

57 There is very poor information on the size of the amateur catch and we agree with the minister that the information on “the activity of the charter vessel component of the amateur fishery is an important prerequisite for improved management of the sector and the fisheries it is involved in.”

58 The use of the existing commercial reporting regime by CBO makes a lot of sense. However only the aspects the commercial reporting regime that relate to location, effort and catch should be used.

59 Overburdening CBO with reports on information that are outside what the amateur harvest catch is will encourage non compliance with the reporting regime.

60 The above measures will go a long way to ensure long term sustainability of the legitimate CBO and add value to their business.

61 We also believe that non NZ Citizens should not receive the same rights to go fishing and take a DBL as NZ Citizens do.

62 Non NZ citizens must be made to pay a license fee whether fishing with a CBO or not.

63 These funds could then go into research on behalf of the amateur sector.

### TOKM

6 We welcome the prospect of reporting regulations for charter vessels being in place by 30 June 2009. However, Te Ohu Kaimoana considers it would be more prudent as soon as possible with a target of instituting reporting regulations by 30 June 2008. We would expect to at least see reporting from the trial areas commenced from 1 July 2008. It is apparent that the number of charter boat operators has increased significantly over the years and Fisheries Managers should be concerned about the potential impact this is having on fisheries.

7 We note that the costs of development of the recreational fishing charter vessel reporting is being met entirely by the Crown. It is appropriate that the costs of development rest with the Crown but recommend that charter vessel operators carry the ongoing costs of reporting as they are clearly commercial operators.

8 The issue of charter vessel reporting raises yet again the bigger question of reporting by recreational fishers. Given the major failings of recreational surveys to provide robust information, and the millions of dollars that have been spent to date on collecting poor quality

information, MFish and Government must now seriously consider options to get reporting of catches by recreational fishers. It is not an unreasonable expectation given commercial and customary fishers are already required to report their catches. We need good information to ensure appropriate allowances are made for recreational fishers in the TAC, but more importantly, to ensure the sustainability of fisheries. This is about being responsible fishers.

9 As you will be aware improved information from the amateur sector is part of the scope of work being considered by joint sector working party on shared fisheries. Te Ohu Kaimoana considers that one way of practically advancing this would be to develop a pilot system that would allow amateur fishers to easily input via cellphone or web-based reporting systems. Such a system would also be a useful facility for kaitiaki and iwi in reporting customary non-commercial catch. Te Ohu Kaimoana considers that the Ministry should, as a priority, work collaboratively with us and others on such a development.

### **Ministry response**

The purpose of the consultation is to seek feedback from stakeholders on the proposed services for 2008/09; in this case the New Initiative proposal for recreational charter boat reporting. In making submissions on this proposal a number of stakeholders raised additional issues relating to wider recreational fishing matters. The Ministry believes that these wider issues, including opportunities for stakeholder inputs, are being addressed as part of the Ministry's ongoing work on shared fisheries. In the short term this work will be informed by the considerations of the tripartite stakeholder group.

The Ministry is currently consulting with the recreational charter sector on the nature and extent of the proposed activity and catch reporting. As noted by TOKMTL it is appropriate that the development costs of initiating charter operator reporting are funded by the Crown. Charges are being proposed for recovery of some costs. It is likely that these will be annual charges based on marginal costs of adding an operator to a register.

Despite the fact that recreational charter operations are commercial businesses, the situation differs from quota holders under the QMS in respect of appropriate principles for cost recovery. Under the QMS costs for catch reporting services are recovered from quota owners not fishers. There is no directly analogous individual rights holder in the amateur fishery, and no policy intention to introduce such rights. The reason for introducing reporting from recreational charter operators is to improve the information base on amateur catch.

For a few fisheries in particular areas, recreational charter based catch may comprise a high proportion of total catch, and catch information will be directly valuable to stock assessment and management. However, more broadly, activity and catch reporting is expected to provide an improved understanding of pressures across a range of fisheries important to all fishing sectors. The benefits of such information are broadly shared among all stakeholders in shared fisheries through the contribution this information can make to management of the whole fishery.

The detail of proposals for the reporting regime are currently being developed through consultative processes with the charter sector, and a formal public consultation process later this year will provide an opportunity for further comment on the operational details of the scheme.

In respect of the wider issues raised about improved information from the amateur sector, the Ministry looks forward to the contribution of the tripartite sector working party to the further development of policy for shared fisheries.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Amateur fishing trust

<b>Departmental output expense</b>	Policy advice
<b>Output</b>	Fisheries policy advice
<b>Proposed services page no.</b>	7
<b>Page and paragraph number from stakeholder submission</b>	Sanford; page 4; para 26 SeaFIC pages 13 – 14; paras 70 - 74 Te Rarawa: page 4 TASFISH: section 2; paras 1 – 33 TOKM: pages 3 – 4; paras 10 - 14

### Submission details

#### Sanford

26. Sanford note that \$5 million has been sought for the establishment of the Amateur Fishing Trust. This has risen from \$2 million in 2007/08 to \$5 million in 2008/09 – this funding amount has escalated with little justification. Issues surrounding shared fisheries are yet to be resolved, and it is unclear what issues may be resolved surrounding the establishment of the Trust in the future. We believe the \$2 million set aside in 2007/08 for the establishment is adequate and see no reason to increase this at this stage.

#### SeaFIC

70 The Ministry has sought \$5 million for the establishment of the Amateur Fishing Trust. In 2007/08, the Ministry sought \$2 million to fund the first four or five years' operation of the Trust. We are concerned at the scale of funding that is being requested for the establishment of the Trust. The amount has escalated from \$2 million in 2007/08 for 4 to 5 years' funding to \$5 million in 2008/09 for 5 to 10 years.

71 The Minister advised the Primary Production Committee that:

*“the issues regarding shared fisheries will have to be settled first. ... when agreement is reached, this board will be set up”.*

72 Issues in shared fisheries are not yet resolved to the degree appropriate to contemplate the creation of the Trust. It is unclear from the progress achieved to date as to when the issues may be sufficiently resolved to justify the establishment of the trust.

73 We cannot agree that \$5 million should be set aside for the establishment of the Trust at this stage.

74 We understand that the Ministry is already financially supporting the amateur sector in respect of the shared fisheries and fisheries plans initiatives. In the event of the Trust being formed and assuming responsibility for the shared fisheries and fisheries plan engagements, the financial support currently being offered by the Ministry should be reduced. This would then reduce the appropriation amount for the Ministry

## Te Rarawa

The Minister is applying for \$5 million from the 2008 budget to establish an Amateur Fishing Trust.

Te Runanga o Te Rarawa supports the Ministers application and requests that this budget is reduced to \$3.7 M to offset allocation of \$1.3 M to Iwi Rohe Moana Management Plans.

In addition;

Te Runanga o Te Rarawa supports those expected results as proposed in the proposed fisheries services for 2008/09;

And proposes that Maori Representation is sought from outside Mandated Iwi Organisations and or Recognised Iwi Authorities

## TASFISH

1. Tasfish applauds the Minister for initiating the creation of an amateur fishing trust and believes for the trust to be successful in achieving the aims expressed by the minister and makes the following submission on the establishment and operation of the NZAFT (New Zealand Amateur Fishing Trust).
2. The funding for this initiative must be passed in the budget as the NZAFT will be the catalyst for creating an organised mandated structure for the amateur fishing providing the following comments, suggestions and views are considered and taken into account for the trust to not only be effective but to survive long term for the benefit of amateur stakeholders.
3. The amateur fishing trust can not be allowed to replace all existing funding for the processes that amateur fishers currently participate in i.e. regional recreational forums and fish plan advisory groups. The existing funding must be maintained and not replaced by the amateur fishing trust.
4. While we applaud the Minister for this initiation and make the following comments we believe there should be widespread investigation into what similar organisations operate in other parts of the world and how they were established and how they operate now, with a view to understanding how they got to where they are, learn by their mistakes.

### **Establishing the Trust**

5. The trustees to be appointed must bring with them a range of professional experience not least of which should be the ability to provide sound financial management direction and be able to deliver ways of increasing the trust fund. i.e. know how money works and how to make more money from the money they already have.
6. Experience in administering trusts is important to ensure sound governance of the trust and the trustees that are appointed must have an empathy with the issues facing the amateur fishing sector.
7. Trustees can not have any conflict of interest with the amateur sector and all potential for conflict of interest must be declared.

8. Trustees should receive no remuneration.
9. Establishment costs of the trust should be borne by the Crown
10. The trust must become a registered charity for tax purposes.

### **Seed Funding**

11. If the initial capital input is only \$5,000,000 then none of this should be used in establishing the trust.
12. None of the initial capital input should be spent.
13. We believe the whole \$5,000,000 of the seed funding should be invested and the trust run on the proceeds.
14. For example an investment with a return of 8% would ensure the trust had \$400,000 pa to fund operating costs.

### **On Going Funding**

15. The trust fund investment could be augmented by the purchase of different levels of life memberships by individuals, organisations and corporates.
16. These donors would become life members of the trust and this would offer no real benefits to the donors aside from the knowledge that their life membership has contributed to increasing the annual operating funds by increasing the size of the trust's investment.
17. A register of life membership would kept and displayed.
18. Any hint (at this stage) that the trust is established to facilitate or operate an amateur fishing license will create widespread mistrust and division within the amateur sector, and must be avoided.
19. The trust could however boost annual operational funds by having a voluntary register for amateur fishers. Individuals could voluntarily pay an annual registration to the trust and receive some privileges.
20. The trust annual operational costs could further be boosted by sponsorship from manufacturers, suppliers and brand owners to the amateur fishing fraternity.
21. Of concern is that the operational funds the trust has will be consumed in amateur trust representation at the various meetings and participation in the various levels of consultation that revolve around fisheries management. Ways must be sought to overcome wasteful spending.

### **Allocation of Funds**

22. Trust funds must be allocated on a regional basis, and the share each region receives should not be done on a population basis. There needs to be a better mechanism in place to ensure each region's share is commensurate with the issues and size of each region's fishery and the issue of the day.
23. Regions should have to apply for funds from the trust stating clearly what they are to be used for and total accountability must be ensured.

24. Where one or all regions are or can participate jointly on a regional or national level this should be encouraged to ensure effective use of the trusts funds.

### **Trust Employees**

25. The trust organisation will need to employ one very capable person who has excellent organisational, financial and marketing skills along with the ability to write submissions on behalf on the amateur sector and to disseminate information to the organisations the trust represents.

26. The trust would also need access to a “friendly” lawyer/solicitor. It is important the trust funds are not swallowed up by the legal fraternity.

### **Organised Representation**

27. It is paramount for amateur fishers to improve the organisational structure of amateur fishing groups to participate more effectively in fisheries management processes resulting in better outcomes for the amateur sector.

28. The amateur fishing trust could and should be the catalyst for this organisational structure to be formed. The structure could be achieved by local, regional and national fishing groups affiliating to the New Zealand Amateur Fishing Trust (NZAFI).

29. Regional groups could provide delegates to the NZAFI working committee. This provides the NZAFI with a national mandate from amateur fishers who could engage freely with other stakeholders.

30. Amateur Fishing Regions could be defined by the boundaries that determine the Recreational Regional Forums.

31. This does mean delegates come from these forums. It means that delegates come from an even spread through out the country as defined by the forums.

32. This would improve the level of participation by the amateur sector and achieve improved outcomes that would assist in achieving the ministry’s goal to “*Maximise the value New Zealanders obtain through the sustainable use of fisheries resources and protection of the aquatic environment.*”

33. Regional organisations would still engage in local area management issues with other stakeholders.

### **TOKM**

10 Te Ohu Kaimoana agrees with MFiish that organised representation of the amateur fishing sector is fragmented, partial, and lacking the capacity to engage formally with commercial stakeholders and tangata whenua. We also agree that the current low level of management input from the sector is constrained by a lack of funding and the voluntary and part time nature of participation – very similar to what we have in the customary non-commercial sector.

11 What also needs to be considered in this context is that amateur fishers participation in fisheries management will only be effective if the participants are informed, that is, know what the science means; are aware of physical, statutory and other legislative constraints;

know something of the practicalities of fishing; and so on. Without this sort of informed participation discussions on fisheries management can be sterile and formulaic, with only the informed party (or parties) participating in creative solutions. So it is important to ensure these matters are addressed when building capability within the amateur, and also the customary non-commercial sectors. Indeed with the plethora of scope and range of regulations and fisheries management initiatives, this is also a problem for the commercial sector.

12 Despite these challenges we must acknowledge the work of the NZ Recreational Council representatives in doing what they can to ensure recreational interests have at least some voice in fisheries management decision making.

13 Te Ohu Kaimoana supports the establishment of an Amateur Fishing Trust and the appointment of Trustees by December 2008. However, as Maori also have amateur recreational interests which are recognised under Article 3 of the Treaty of Waitangi, we consider that it is appropriate that at least two advocates for Maori recreational interests are appointed to the Board of Trustees. Te Ohu Kaimoana is prepared to engage with Mandated Iwi Organisations regarding appropriate representation.

14 We also believe this initiative should however be advanced as part of a wider programme that provides the tools (see para 9 above) and training needed for the Trust to be able to immediately constructively contribute to fisheries management.

## **Ministry response**

**Amount of funding:** In the previous budget round a new initiative bid was made to support establishment of the Amateur Fishing Trust (AFT). At the time of the release of the consultation document on proposed services, consultation on the Shared Fisheries proposals was also being carried out. The submissions received during this process persuaded the Minister to delay decision-making on the shared fisheries proposals, and so funding for the Trust was not required in the 2007/08 year.

Since that time Cabinet has reviewed the shared fisheries issues and made a decision to proceed with the Amateur Fishing Trust (subject to the budget decisions) based on a one-off endowment of \$5 million, to ensure adequate funding over a 5-10 year timeframe. The proposal reflects further consideration by the Minister of Fisheries and Cabinet over the intervening period.

Despite the fact that not all shared fisheries policy issues have been resolved at this time, the proposal to establish the AFT is widely supported. Cabinet indicated an intent to proceed with several initiatives from the original package of shared fisheries proposals for which a reasonable consensus has been demonstrated. Other issues may take some time to resolve, and it is widely acknowledged that the strengthening of amateur fisher representation is required in order to make significant progress in some difficult areas of shared fisheries policy.

If the trust is to be effective in its dual purpose, an adequate funding base is required. As the intention is to enable an independent role for the trust through a one-off endowment – rather than creating dependence on the government for recurrent funding – it is important to ensure that the endowment is adequate to the task. The proposed amount will need to provide income adequate to effective operation of the trust as far into the future as 2018.

**Funding for AFT and Rohe Moana Plans:** The new initiative process seeks budget allocation for the purpose of delivering a specific project. The budgets for each new initiative proposal are carefully developed to reflect the identified financial requirements for the successful implementation of the particular project. Cabinet makes its decisions on the basis of the information provided within each proposal and it would be inappropriate to reallocate resources approved from one project to another without further decisions.

Further to this the Ministry would like to clarify that the proposal for funding the AFT is to provide a one-off endowment for the trust. The annual budget of the trust will then be derived firstly from income from the investment of that endowment, and secondly, from the possible draw down of the capital amount over the projected life of the trust. This is different in kind to the funding requested for support of the development of rohe moana plans, which is recurrent annual funding.

**Structure and Function of the AFT:** The Ministry will be consulting stakeholders further on the detailed structure and functions of the trust before the trust deed is finalised. However, the proposal is for an independent trust board, rather than one made up of advocates for various interests in non-commercial fisheries. The Ministry does, however, support representation of Maori interests on the board to help ensure a relevant and integrated approach to governance of the trust.

## **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Increased Observer coverage

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	8
<b>Page and paragraph number from stakeholder submission</b>	SeaFIC: pages 14 – 15; paras 75 - 77

### Submission details

#### SeaFIC

75 We have previously raised the issue of the observer service in respect of the additional services to be supplied under the baseline component of the Ministry vote. Our analysis of the observer service was that it did not have the capacity or the capability to expand to deliver the additional days proposed. Part of that issue is the availability of suitably qualified persons wishing to undertake the role. It is further unlikely that the service will be able to lift the resourcing to provide for an additional 2,000 days in each of 2008/09, 2009/10 and 2010/11. In 2010/11 the budget would be 14,000 days, compared to a 2006/07 delivery of 5,969.

76 The Ministry is unable to provide any indication as to how the additional observers will be deployed. Their draft document refers to:

- a. research proposals and reviews that have not been completed;
- b. future, decisions the Minister has yet to make in respect of the Maui's and Hector's dolphin Threat Management Plan and seabird standards
- c. research projects and reviews yet to be completed;
- d. A CSP review of its observer coverage; and
- e. SPRFMO interim measures.

77 Industry considers that the bid is speculative and unjustified and should not be approved. When final decisions on the Threat Management Plan and the seabird standard are available, then the existing observer programme should be amended to incorporate those needs but there should be no additional observer coverage until the needs are realised.

### Ministry response

Expanding the observer services capacity and capability to deliver approximately 2000 coverage days a year for each of the next three years will be challenging. It is fully anticipated that new and alternative ways of supplying this additional coverage will need to be investigated. If stakeholder participation and cooperation is given to the deployments expected against this additional coverage, the effectiveness and efficiency of the observer services expansion is more likely to be achieved.

The Ministry has indicated key areas where additional observer coverage is expected to be delivered in the next three years. Neither the Maui's and Hector's Dolphin Threat

Management Plan and seabird standards are speculative and both have signalled the need for marked increases in observer coverage levels in the year ahead.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Iwi Rohe Moana Management Plans

<b>Departmental output expense</b>	Administering fisheries-related laws
<b>Output</b>	Deed of settlement implemented
<b>Proposed services page no.</b>	9
<b>Page and paragraph number from stakeholder submission</b>	Kahungunu: section 3; paras 3.1 – 3.5 Te Rarawa: pages 2 and 3 SeaFIC: pages 17 – 18; paras 94 – 95 TOKM: pages 4 – 6; paras 15 - 29

### Submission details

#### Kahungunu

3.1 Kahungunu ki Uta, Kahungunu ki Tai supports the Ministry’s proposal to assist with Iwi Rohe Moana Management plans and its intent to bid for up to \$1.57 million in the 2008/09 year for that purpose (with up to \$2.65 million to follow in subsequent years). The proposal will increase the amount of annual funding available to assist the participation of iwi/hapū with kaitiaki in the management and conservation of New Zealand’s fisheries.

3.2 The group is unclear, however, about what the Ministry intends by the term ‘Iwi Rohe Moana Management Plans’ and how they will be developed. Such plans may be the initiative of either hapū and/or iwi – any group that has kaitiaki responsibilities in a particular area – and their development must be driven by them. If the Ministry’s intentions are not in accordance with these principles – if, for example, the Ministry sees itself as taking a lead role in the development of such plans, or sees its regional forums as a mechanisms for their development – Kahungunu ki Uta, Kahungunu ki Tai will not support the proposals. The Ministry’s role should be limited to providing support and assistance (through funding and staff time) to the efforts of those who hold kaitiaki responsibilities.

3.3 As described above Kahungunu Ki Uta, Kahungunu Ki Tai intends to develop a strategic plan integrating all of Ngāti Kahungunu’s interests in fisheries: customary, commercial, non-commercial and recreational, consistent with Ngāti Kahungunu’s values and aspirations. An operational plan, or plans, to implement those strategies will follow in later stages of the project. It is hoped, through wide engagement, the plans will ultimately reach beyond Ngāti Kahungunu, to be supported by other users of marine and freshwater resources and the wider community.

3.4 The strategic and operational plans will provide a consistent set out principles to guide for coastal hapū as kaitiaki (and, through them, to Tāngata Kaitiaki) in balancing preservation and use of marine resources. The group believes that the ‘Iwi Rohe Moana Management Plans’ referred to by the Ministry should encompass each of these plans.

3.5 If the Ministry is successful in its bid for funding to assist the development of ‘Iwi Rohe Moana Management Plans’ then Kahungunu ki Uta, Kahungunu ki Tai will be in a position to utilise such funds and assistance as soon as they are available. The group requests that at least \$100,000 from the fund (plus Ministry staff time as requested) be contributed to the development of the proposed its strategic and operational plans. Budgets and project plans for this work can be provided in support of this bid if necessary.

## Te Rarawa

Te Runanga o Te Rarawa supports those expected results under Iwi Rohe Moana Management Plans as proposed in the proposed fisheries services for 2008/09.

Te Runanga o Te Rarawa supports clear separation between Iwi Rohe Moana Management Plans and Fisheries Plans envisaged.

In addition;

The Minister has requested \$1.5 M for 2008/09 and increasing amounts for the following years to implement iwi rohe moana management plans. These are to fulfil the statutory obligations in section 10 and 12 (1)(b) of the Fisheries Act 1996.

Te Runanga o Te Rarawa requests that this budget is increased to \$2.8 M with the increase of \$1.3 M coming from the Amateur Fishing Trust;

and that Iwi are consulted regarding allocation of these funds;

and that Iwi Rohe Moana Management Plan Implementation includes capacity building i.e. Iwi Customary Fisheries Coordinator;

Firstly this will enable Iwi to coordinate the efficacy and effectiveness of our current and future management practices armed with historical and current information, technology and both western and maori sciences;

Secondly coordinating baseline data for Iwi rohe moana resources providing effective engagement with Hapu and areas of shared interest with other Iwi in order to participate in fisheries management effectively.

## SeaFIC

94 The Ministry proposes to spend up to \$2.625 million per annum to assist in the development of Iwi Rohe Moana management plans. We note that this would increase the amount of annual funding available to assist tangata whenua with the development of their interests in fisheries to \$9.6 million. Industry supports the principles of the assistance programmes but has doubts as to the value being received for the extent of funding being accorded to the activity.

95 We are concerned that this new policy initiative has been developed without input and consultation with tangata whenua.

## TOKM

### ***Maximising value from iwi rohe management plans***

15 Te Ohu Kaimoana supports the development of iwi rohe moana management plans. Potentially, they provide an opportunity for iwi to articulate their aspirations in terms of the integrated management of their fishing and aquaculture interests. They also provide an opportunity to document how iwi individually and collectively view various issues within their respective rohe, within regions, and within Fisheries and Quota Management Areas.

16 To ensure the success of this initiative Te Ohu Kaimoana considers MFish should only support plans where Mandated Iwi Organisations and their collective hapu are involved. Supporting one without the other will do little more than create division amongst iwi and hapu, and ultimately result in plans being of little or no value at all. The best plans will be those that are supported by Mandated Iwi Organisations and the hapu they represent. They provide greatest value and the least risk.

17 Parliament recognised 57 iwi for the Fisheries Settlement. We note that the SOI states that it is proposing to support 68 iwi rohe moana. We are unsure who the additional iwi are and where their rohe moana are? If in practice it is intended that MFish will assist individual hapu to develop rohe management plans, we would oppose this but would encourage MFish to help Mandated Iwi Organisations facilitate closer working relations with hapu so that they jointly develop plans and strategies that provide mutually supportive outcomes.

### ***Iwi led rohe moana management plans***

18 Te Ohu Kaimoana believes that iwi should have the ability to “lead” the development of rohe moana management plans, as opposed to MFish leading the process. This doesn’t mean that MFish has no role to play, indeed in many instances the success of the plan will be reliant upon MFish input and participation.

19 Te Ohu Kaimoana also believes that these plans should not be confined to being developed within the MFish iwi forums. Mandated Iwi Organisations and hapu should have the freedom to develop these plans within their own Runanga. They should also have the ability to access funding derived under this new initiative.

20 We note that Ngati Kahungunu iwi is currently developing what could be described as an Iwi Rohe Management Plan. That plan is supported by the hapu of Kahungunu and aided by the support of poutakawaenga. We encourage MFish to continue their support for this work.

### ***Developing Iwi Infrastructure***

21 While Te Ohu Kaimoana supports the development of iwi rohe moana management plans, we consider MFish would achieve more if they first concentrated on assisting iwi to develop infrastructures that support meaningful input and participation into key fisheries management decision making. It puts iwi in a much better position to develop and implement those plans and the risk of them gathering dust on the shelf are hugely diminished.

22 We encourage MFish to support this initiative and to include 3 pilot projects as part of their 2008-09 work programmes. To facilitate this initiative we suggest MFish be open to service contracts with iwi. We note that this opportunity was included in the 2004/05 statement of intent but for reasons that are not clear, it was removed the following year.

23 Te Ohu Kaimoana is interested in having further dialogue with MFish in relation to how both organisations could work together in developing this and other initiatives.

### ***Pataka Kai Model***

24 The concept of a Pataka Kai Model is not new to iwi. The collection and storage of seafood for future use is a practise that has existed long before 1840. It is also something that was contemplated by Maori fisheries negotiators including when the South Island Customary Regulations were promulgated in 1998. Furthermore, it is consistent with the 1992 Deed of Settlement which requires the Crown to make provision for customary use and management practices.

25 MFish has been involved with iwi in discussing the development of a Pataka Kai Model but nothing really has eventuated to date. Given the desire of many iwi to progress the development of a Pataka Kai Model, we consider it is appropriate that MFish provides for this work in its 2008-09 year work programme.

26 We consider that it is suitable mechanism for iwi to help meet customary non-commercial needs particularly tangihanga and this tool will assist to integrate the commercial and non-commercial interests of iwi in a mutually supportive way.

27 Te Ohu Kaimoana is very interested in working with MFish to achieve a positive outcome for iwi so that this mechanism with suitable reporting and compliance measures is included among the suite of customary non-commercial mechanisms available to iwi.

### ***Review of customary regulations***

28 Te Ohu Kaimoana and iwi have been advocating the need for a review of the customary regulations for some time now. Having an effective regime is critical part of the Crown meeting its Treaty and Settlement obligations. It is also vital for iwi in developing and implementing a strategy that integrates their commercial and non-commercial aspirations. A better expression of these rights will be important for shared fisheries to be managed on a consistent basis.

### ***Costs***

29 Te Ohu believes that the proposed budgets should be increased to provide for the additional programmes under this heading. We recommend the increase should be \$500,000 in each of the years commencing 2008-09.

## **Ministry response**

The Ministry notes that the submissions from Māori and tangata whenua support in principle the proposal to work with iwi and hapu to develop rohe moana management plans. The submissions support the need for these plans to be developed by iwi and hapu, with support from MFish. We agree with this approach. The submissions also support the need to bring together the customary and commercial fisheries aspirations of the iwi and hapu. We also agree with this approach.

The Ministry's initial discussions with tangata whenua indicate that they are broadly in support of this proposal, but the Ministry is about to commence comprehensive discussions across the country to assess the full extent of this support, and to refine the proposal. If the Ministry is successful in its bid for additional funds it will be entering into discussions with tangata whenua both on the general principles for how funding should be spent, and the specific application to specific iwi and hapu. If the new initiative bid is unsuccessful, reprioritisation of some current initiatives can be discussed. We therefore welcome the offer made in submissions to discuss further the details of this proposal.

The Ministry agrees that the most sensible approach is work with MIOs in developing the rohe moana plans, but these iwi organisations must be able to show that they have a mandate and process to represent the full range of their hapus' fishing interests. MFish statutory obligation to provide for the input and participation of tangata whenua requires it provides for the involvement of both iwi and hapu. (The figure '68' was not intended to suggest that it not favour working with MIOs, but simply that there should be sufficient funding to provide some

flexibility so that a confederation such as Te Arawa might receive additional funding to reflect the fact it brings together the interests of a number of iwi.)

The Ministry notes SeaFIC's doubts about the value of the proposal as an 'assistance programme' and the lack of tangata whenua consultation. The Ministry believes it is misleading to classify the proposal as primarily an 'assistance programme'; it is a Ministry proposal to meet its statutory obligations to provide for input and participation and base decisions on the best available information. With respect to the lack of consultation, the Ministry, as noted above, has had positive feedback from tangata whenua in initial discussions and will shortly undertake intensive discussions to refine the proposal.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Research funding

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Research information
<b>Proposed services page no.</b>	10
<b>Page and paragraph number from stakeholder submission</b>	Te Rarawa: page 5 SeaFIC: pages 15 – 17 TOKM: page 6; para 30

### Submission details

#### Te Rarawa

An increase of \$6 million for 2008/09 and out years will boost the fisheries research budget to approximately 78% of its 1991/92 level in real terms and enable some of the priority research projects to be undertaken.

Te Runanga o Te Rarawa supports the increase of \$6m for projects in the proposed fisheries services for 2008/09.

In addition;

We support both research project bids regarding toheroa and the impacts of traffic on Te Oneroa a Tohe beach with respect to these animals.

Other key customary species of research interest to Te Rarawa are paua, green lip mussels and in particular spat.

We are interested in all research conducted at the local area and would like to indicate support for funding initiatives that support research at the local area.

Local area research initiatives would also bring integrate scientific support and maori support for upcoming and potential mātaimai applications

#### SeaFIC

78 The Ministry seeks an additional \$6 million per annum to offset a decline in research spending. It claims that the current budget is only 58% in real terms of the 1991/92 budget.

79 Industry does agree that increased expenditure on fisheries research is necessary and appropriate. We do not, however, support the Ministry's bid for a permanent increase of \$6 million for the reasons below

80 The Ministry analysis is flawed. The 1991/92 appropriation level refers to a period when the Ministry had an internal research division operating as a division of the Ministry of Agriculture and Fisheries and covering both freshwater and marine fisheries. The 1991/92 appropriation covered the total costs of the division, including staff, research materials, capital expenditure and operational expenditure for 22 research vessels. The current expenditure figure of \$17.6 million used in the Ministry comparison is based on the contract expenditure on research and excludes staff and overhead costs. The comparison is not valid. Furthermore the inability of the Ministry to spend its budget should not be used to justify additional funding. Adding the business and corporate overheads to research gives a 2006/07

budget figure of \$25.2 million, 84% of the 1991/92 level in real terms, a substantially different picture to the 58% provided by the Ministry.

81 The Ministry analysis makes no reference to the different operating environment under which research is undertaken today. Research is now contracted under a contestable process with the previous science division now operating as a Crown Owned Enterprise under commercial drivers. We would expect there to be cost savings under the current environment vis-à-vis the previous environment.

82 The Ministry analysis does not explain how the budget has in effect been decreased. It does not refer to:

- Ministry decisions to allocate funds that could have been available for research to other activities. For example, in this year, the Ministry has chosen to increase the funding for observer activities by 20% while reducing the research allocation by 2%; or
- Ministry decisions to channel more of its research funding to staff and overhead costs rather than contracted research. Staff numbers in the Fisheries Science team have doubled in the last four years, during which time the research appropriation did not increase.

83 The Ministry refers to the increase in the number of stocks in the QMS as requiring additional scientific input. While the number of stocks in the QMS has increased, that again resulted from decisions of the Ministry to introduce those stocks into the QMS. The stocks were previously managed outside the QMS as a sustainable stock and the stocks introduced in recent years are primarily by-catch or non-commercial stocks that have had no stock assessment research nor can afford any such research. We are not persuaded by this argument.

84 The Ministry also seeks to justify its bid in terms of the increased scope of research activities. The Ministry has undertaken recreational harvest estimates, environmental research and international research for the past 20 years. These are not new areas for research. However, we do acknowledge that the Ministry has put additional resources into environmental research in recent years. We have questioned in previous submissions the justification for such decisions when the research is more properly the domain of other Crown agencies such as Department of Conservation and Ministry for the Environment. We find it incomprehensible, for example, that the Department of Conservation is permitted to abdicate its responsibilities for the management of marine protected species such as Maui's and Hector's dolphins and albatross and is permitted to reserve its resources for terrestrial conservation. We also find it irrational that the Ministry would want to allocate some of its limited research funding to cover the deficiencies of other Crown agencies.

85 The new funding in 2008/09 will be directed at Tier 2 projects listed in the Statement of Intent. These are described as being of "lower priority" and are characterised by a myriad of small inconsequential projects plus a number of large politically sensitive projects relating to the aquatic environment e.g. protected species and benthic impacts and recreational catch estimates. Many of the small Tier 2 projects were in fact Tier 2 projects in previous years and represent a backlog of low priority research rather than a deferral of high priority research. Little thought has been given by the Ministry as to how the funding might be used in years beyond 2008/09.

86 The industry has become highly sceptical of the fisheries management value of research undertaken by the Ministry over the years. Vast amounts have been spent on stock assessment research for the more significant stocks in recent years without providing more than rough guesses as to biomasses. Fisheries plans are promoted by the Ministry as providing fisheries management priorities into fisheries research. We would be concerned if there was a significant increase in the level of fisheries research before that input is available.

87 Furthermore, SeaFIC has significant doubts about the capacity of research providers to be able to conduct the extra research. This problem has significantly affected the research programme in recent years and NIWA, the main supplier, has not geared up for any increase in demand. SeaFIC fears that in the short term staff resources already assigned to existing projects will be re-scheduled to work on these lesser priority projects.

88 We consider that the Ministry should look to re-allocate its existing appropriation and accord fisheries research the priority status it deserves. We consider that the Ministry should seek to narrow the scope of its research and ensure other Crown agencies fulfil their obligations and roles rather than underpin those agencies.

### TOKM

30 Te Ohu does not support an increase in scientific research. We have mentioned earlier in this submission our preference to institute recreational reporting over the continued use of flawed recreational catch estimates. Furthermore, we are far from convinced that industry, or even Mfish, should be covering the costs of the proposed work associated with the distribution and abundance of Hector's and Maui dolphins, and research on "other protected species". This is fundamental environmental work that the Crown should fund as public good research. Given the species DoC's vote should fund this work. In the absence of any compelling information to tell us otherwise we believe the funding for this initiative should be met by Government funding.

### **Ministry response**

The Ministry acknowledges the support from Te Rarawa for this proposal and notes the research priorities identified as being important to Te Rarawa.

The Ministry also notes SeaFIC's support for increased expenditure on fisheries research and the comment that this is both necessary and appropriate. It is, however, puzzling that SeaFIC should take the seemingly inconsistent position that "vast amounts have been spent on stock assessment research for the more significant stocks in recent years without providing more than rough guesses as to biomasses". The Ministry strongly disagrees with this statement.

The Ministry's analysis of trends in the fisheries research budget since 1991/92 took as its starting point the Auditor General's figures and trends in their 5th report for 1999 (part 5, page 96). There may have been differences in accounting practices between 1991/92 (MAF Fisheries as a government department) and 1999/2000 (Ministry of Fisheries, a government department, contracting work from a variety of providers, notably NIWA, a Crown Research Institute or CRI), but we worked on the assumption that the Office of the Auditor General either considered these immaterial or corrected for them in some way; otherwise they would not have seen fit to plot trends across the transitional year (1995) and through to 1999/2000. SeaFIC might like to raise the matter with the Auditor General's Office. In any case, it is obvious that research providers incorporate staff and overhead costs, as well as relevant

research materials, capital expenditure and operational expenditure for research vessels into their tender bids.

Additionally, regardless of the real decrease in research finds, there is no doubt that the demands for research have increased substantially since 1991/92. The number of species and stocks introduced into the quota management system has increased more than threefold and public concern about the environmental effects of fishing has increased astronomically.

The Ministry notes SeaFIC's suggestion (para 81) that a "Crown Owned Enterprise" (sic., correctly a CRI) operating under commercial drivers would be expected to deliver cost savings vis-à-vis the previous operating environment. In fact, analysis by the Ministry for Science Research and Technology suggests that science costs have risen in recent years by an average of about 5% per annum, considerably more than the CPI index. MoRST's analysis does not support the hypothetical increases in cost-effectiveness often claimed for competitive business models. In addition, it is conceptually difficult to agree with SeaFIC's statement about expected cost savings. In the current model, in which research is contracted to a very small competitive market, although there are dozens of research providers to whom we send tender requests, there is one (NIWA) that receives by far the majority of the projects (not because of any bias towards this one research provider, but because they are usually the only tenderer).

The Ministry has adopted various approaches to facilitate a competitive market for more than a decade; for example, by "unbundling" research projects into several smaller projects and, even then, inviting research providers to tenders on selected objectives within a given project if they so desire. Even so, only a few small companies have become established (albeit some of which have proved to be extremely valuable for specific projects, or objectives within projects) over the past decade.

Whether the research provider is NIWA, or a smaller company, or a university, or some other entity, the current system has inevitably resulted in a certain amount of duplication in overheads. While the overheads may not actually be as high as double the previous level when research was conducted in-house, the current system definitely results in substantial duplication of services in the form of duplicated peer review and quality assurance processes, financial transactions, staff support, and general administrative costs.

Given both research providers' and MFish's overheads, along with MoRST's analysis, it does not seem that your assertions in paragraph 81 are supportable. Therefore the Ministry believes our analysis concluding that the value of the current budget is less than 58% of the value of the 1991/92 budget is probably an underestimate.

The Ministry also notes SeaFIC's suggestion that other government departments should be funding some of the projects included as fisheries services. The Ministry provided a detailed analysis of this proposition in its response to a similar comment following the Research Coordinating Committee meeting of 16-17 October 2007, and the ensuing written consultation. That analysis need not be repeated here (though copies can, of course, be provided on request), but the summary paragraph ran as follows:

"In combination, these three SOIs [of MFish, DOC, and MfE] and statements by the Ministers of Fisheries, Conservation, and Environment clearly demonstrate MFish's mandate to conduct the research necessary to understand the risks to the aquatic environment posed by fishing, including the risks for protected species, and to develop and set appropriate standards. They also suggest that the balance of work among the

departments is consistent with government policies. Nevertheless, as foreshadowed in MoRST's Environmental Research Roadmap, the Ministry is currently working with MoRST to explore whether a Marine Science Strategy should be prepared and the timeline for developing this. Such a strategy could address some of the broader issues of marine science funding raised by SeaFIC in their submission. In addition, Fisheries Plans, their attendant objectives and required services, and the various Environmental Standards under development by the Ministry should all provide guidance on future research directions."

In response to SeaFIC's para 82, bullet 2: Staff numbers in the Fisheries Science team have not doubled in the last 4 years. At the beginning of 2004, there were 13 scientists and 1 science officer (a stepping-stone position created to give learning opportunities to new science graduates). At the beginning of 2008, there were 14 full-time scientist positions and 2 science officer positions; however, only 11 of the scientist positions were occupied due to recruitment difficulties.

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

**Foreshore and seabed implementation  
Waikato-Tainui river settlement implementation**

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Settlements
<b>Proposed services page no.</b>	11
<b>Page and paragraph number from stakeholder submission</b>	Te Rarawa: page 6 TOKM: page 6; para 31

**Submission details**

Te Rarawa

Te Runanga o Te Rarawa supports those expected results as proposed under Foreshore and seabed negotiations with Ngati Porou and Te Whanau a Apanui

and

Waikato-Tainui River Treaty settlement negotiations in the proposed fisheries services for 2008/09.

TOKM

31 Te Ohu Kaimoana supports these initiatives and proposed budgets.

**Ministry response**

The Ministry notes the submissions support for these initiatives and believes this reinforces their importance.

**Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.

## Fisheries compliance services –maritime patrol team

<b>Departmental output expense</b>	Administering fisheries laws
<b>Output</b>	Commercial fisheries compliance
<b>Proposed services page no.</b>	12 - 13
<b>Page and paragraph number from stakeholder submission</b>	Sanford: page 2; paras 12 – 13 SeaFIC: page 17; paras 89 – 93 TOKM: page 6; para 32

### Submission details

#### Sanford

12. Sanford have supported this initiative from its commencement on the understanding that the project would be funded appropriately and, that funding would not be levied from industry. We reiterate that this continues to be the case.

13. It is our understanding that this project will provide front line compliance services and alleviate the need for observers to undertake compliance through the observer services programme. This will provide more time for the observer programme to undertake biological research for TAC and TACC setting.

#### SeaFIC

89 The Ministry has sought an additional \$3.966 million to implement Project Protector, a joint military, Customs and Fisheries initiative.

90 At an estimated cost of \$4.0 million for coverage of 1,013 sea-days (a significant amount of which will be dead time sailing to or between fishing grounds or intercepts), the daily cost of \$3,950 compares unfavourably to the current daily cost of \$558 for an observer who currently provides the same compliance deterrent but without the powers of the compliance officers. We note that there will be no reduction in observer services as a result of this initiative.

91 The costs to operate the initiative are excessive. The proposal includes provision for one manager, one planner, three analysts, one trainer and one prosecutor in addition to 15 at-sea fisheries officers. In other words, 7 of the extra staff that will be employed will be contributing to the overheads that will be charged to the taxpayer and to the industry. We believe that the land based support staff should be significantly reduced. Any analysis should come from within existing staffing. Furthermore, it is difficult to assess why 15 compliance staff are required for a total of 1,000 sea-days – an average of 67 days at-sea per compliance officer. Industry considers that a lower level of staffing would be appropriate with duties to be shared between existing and some new staff.

92 In their report on the 2007/08 Ministry Appropriation, the Primary Production Committee reported:

*“The Minister assured us that industry will not be levied specifically for the costs of ship-based compliance staff.”*

93 Those comments were made by the Minister in full knowledge of the Project Protector cost recovery issues. We would expect the Minister to stand by the assurances he gave to the

Committee unless there were compelling reasons for not doing so. We consider there are no such reasons.

## TOKM

32 We agree with MFish that effective fisheries enforcement and management requires a competent at-sea Monitoring Control and Surveillance presence. But we are not convinced that 50% of the costs for this initiative should be recovered from industry. You will be aware of the industry's views on that government should correctly meet compliance costs as it does with other sectors. In this case however that general proposition need not be advanced because the Minister is on record as having told industry and assurances were given to the Select Committee that industry would not have to pay any of the costs associated with this initiative. To have a credible regime, we would expect to see those assurances implemented.

### **Ministry response**

The Ministry of Fisheries doesn't have any ship-based Project Protector staff. Fisheries Compliance staff will join the vessel for trips which are targeted at specific fisheries and risks. Approximately 50% of the trip based project protector effort will be in the commercial sector and as a consequence of the current regulatory environment will be cost recovered. The bid is fully costed, has stood Treasury scrutiny and supports the delivery of 1,031 sea patrol days.

Project protector was never designed to replace observer coverage on vessels. The commercial industry has long campaigned for observer functions to be independent from compliance functions.

The Ministry is seeking a balanced overall approach to the delivery of compliance services. Project Protector fills a gap in current compliance capability but resources are already considerably stretched so that reprioritisation to any degree is not feasible while still ensuring a balanced suite of services are provided that protect the integrity of the QMS.

SeaFIC's comment that the Minister's assurance to the Primary Production Committee that Project Protector costs would not be cost recovered needs to be seen in context. The Minister's comment related to the vessel commissioning phase in 2007/08 as there would be limited fishery office involvement in this stage. Clearly the cost recovery rules would be applied fully once the commissioning was complete. The full text of the PPC report is:

“We note that four inshore and two offshore ships will be commissioned this year for fisheries compliance work under Project Protector. Staff will not be required this financial year as the ships will need to be tested and made operational after delivery, and full commissioning is expected in the 2008/09 financial year. There will be some limited involvement of fisheries officers on the ships as they are progressively commissioned. The Minister assured us that industry will not be levied specifically for the costs of ship-based compliance staff.”

### **Recommendation**

It is recommended that you:

- a) note the submitter's comments;
- b) note the response from the Ministry.