

**SUBMISSION ON CONSULTATION DOCUMENT ON FISHERIES RESEARCH
SERVICES PROPOSED FOR 2004/05 AND 2004/08 STATEMENT OF INTENT
INCLUDING OUTPUT PLAN FOR 2004/05**

The Solander Group makes this submission on the *Consultation document on Fishery Research Services proposed for 2004-2005* as a privately owned Fishing entity with a specific interest in Tuna Fisheries, Middle Depth Trawling and Long Line fishing. We wish to comment on;

- i. The Statement on Intent (SOI)
- ii. The Research project relating to Southern Bluefin Tuna (STN2004/1)
- iii. The Observer programmes

THE STATEMENT OF INTENT (SOI)

- 2 New Zealand is unique in the world fishing community in that Industry funds the vast bulk of research and management of Fisheries *per se*.
- 3 No other country directly charges their Fishing Industry for the cost of management and research to the extent that New Zealand does.
- 4 Surprisingly in this situation there is absolutely no cognisance in the SOI of the present financial crisis facing the Fishing Industry. There is also scant reference to matters financial other than to;
*Create an organisational environment to maximise;
Cost-effectiveness of our services (page 13)*
- 5 Even more surprising given that the Industry is the primary funder both research and management programmes are initiated only by the two Ministries involved – MFish and DOC. *Ad hoc* political decisions also influence Observer programmes etc. Again no apparent consideration is given to the cost or commercial impact on the Fishery.
- 6 Ultimately the process and SOI is flawed if MFish divorces itself from the economic fortunes of the Industry.
- 7 The cost of Research Projects and Observer programmes must relate to the ability of that particular sector of the Industry to pay. There is nothing to suggest in the SOI that MFish have any intention of relating, now, or in the future the cost of on-going projects to relative economic robustness of an Industry sector.
- 8 There needs to be an agreed upper limit of the cost relationship between FSL/CSL imposts to the net return (port price). Levies should be tailored to suit. Unless some criteria is established that sets appropriate levels there will be constant discord between Government and Industry.
- 9 So long as Fisheries services are essentially funded by the commercial sector the Ministry cannot remain aloof from the commercial vagrancies of business.
- 10 **In Section Two we specifically refer STN2004/01.** Whilst this project relates to a particular sector of the Industry it provides a practical example of the concerns expressed in this summary.

FISHERIES RESEARCH SERVICES

STN2004/01

Introduction

- 11 This project is one year of a three-year programme. STN2003/01 is due to commence April this year.
- 12 No Company would be more interested in the outcome of this project than Solander. Nevertheless we categorise it as “nice to have” rather than essential. We contend that the project is part of New Zealand’s contribution to CCSBT and therefore should be Government funded.
- 13 At no time has the commercial sector ever requested that this research be undertaken.

Cost

- 14 There is some confusion as to the cost of this project. In the current year STN2003/1 is being charged to Industry at \$226,244.
- 15 It is being suggested in a Ministry response that STN2004/1 will cost the industry \$180,000 per annum.
- 16 The Consultation Document suggests that the cost will be in the order of \$300,000 - \$400,000 per annum for both STN2004/1 and STN2005/1.
Which is it?
- 17 FSL/CSL levies in the current year represent 9% of the port price for STN and depending upon the final cost of STN2004/1 will likely rise to 11% in 2005.

Consultation

- 18 STN 2003/1 and STN 2004/1 appear to originate from a previous attempt to levy the Industry at \$800,000 per annum for five years (total \$4 million). This was proposed in the IPP for the MFish business plan for the three year period 1st July 2002 – 1st June 2005. Clearly an impost of this level (\$2,000 per tonne) was totally beyond the capability of Industry to pay. When the project was withdrawn it was agreed that consultation would take place with the Industry to discuss appropriate tagging projects. This consultation did not occur.
- 19 On the 11th November 2003 we received advice from MFish that through an error STN2004/1 was not included in the Research Co-ordinating Committee (RCC) document. We were given to the 18th November 2003 to respond. STN 2004/1 we believe mirrors STN2003/1 in content and design. STN2003/1 was rejected at the RCC and STN2004/1 did not even make it to the RCC! The only paper of substance on STN2003/1 was the excellent one prepared by Dr Talbot Murray. This was made

available on the 19th December 2003 a month after the new closure date for submissions.

- 20 Correspondence from SeaFIC and Industry to the Ministry complaining about the lack of consultation on this project and the presumption that it is an Industry Cost are legion. Despite this there has been no meaningful discussion on the role of Industry and Government in respect to scientific research programmes administered or reported to CCSBT (*SeaFIC submission 24/2/2003 attached as appendix*).

Relationship With CCSBT

- 21 We are not familiar with the discussions New Zealand Government has within CCSBT regarding the scientific research programme (SRP). At one time there appeared to be two tagging programmes of concern to New Zealand and we do not know whether New Zealand contributes directly to CCSBT's research fund.
- 22 It is stated that Australia is spending some AUD\$2 million on a tagging programme. Japan spent ¥180 million in 2002. The Japanese Government funded totally their tagging programme and it was reported under CCSBT-ESC/0309/35.
- 23 The Australian tagging programme is in two parts and almost entirely Government funded. The Australian Industry is levied 0.25% of GVP (Gross Value Production) through the Fisheries Research Development Corporation (FRDC). In the case of STN (SBT) this computes to an industry contribution of AUD\$162,500 per annum. The FRDC provides AUD\$2 from Government sources for every dollar subscribed from Industry giving a total project cost AUD\$487,500. **The choice on how FRDC funding is spent is determined by Industry** and they chose to support an archival tagging programme. Thus the Australian Industry contributes **AUD\$31 per tonne¹** against a New Zealand Industry contribution of **NZD\$539 per tonne** in the current year.
- 24 The previous figures emphasise the total impracticability of the New Zealand Industry to compete with the resources of the Central Governments of Japan, Australia and ultimately those of Korea and Taiwan. This dilemma has to be addressed where New Zealand is part of an international agreement and feels the moral need to match the endeavours of the other parties.
- 25 Whilst contributions from Australia and Japan seem impressive, if all CCSBT members contributed in the same proportion as New Zealand the total expenditure on tagging would exceed NZD\$8,000,000 this year! Do we really need to be this generous?

¹CCSBT Allocations;

Japan	6065 tonnes	Australia	5265	Taiwan	1140	Korea	1140
Co-operating non members	900	New Zealand	420	Total	14,930 tonnes		

- 26 New Zealand's national allocation under CCSBT is only 2.81% of the total. If New Zealand fails to gain an increase at CCSBT 11 (Busan 19-22nd October) then the whole approach to funding the Commission needs to be re assessed.

THE SOLUTION?

- 27 The alternatives are;
- i. Agree that this project is Crown funded and represents New Zealand's contribution to CCSBT research
- and or -
 - ii. To shelve the project until economic conditions improve.
- or -
 - iii. To limit the total FSL/CSL contribution from STN to 5% of the port price and set this as a standard.
- and -
 - iv. To secure an increase in national allocation.

Research Observer Days (OBS2004/05)

- 28 The placing of Observers on Vessels appears to relate more to convenience and "getting numbers up" rather than following the research project for which coverage was intended.
- 29 By way of example we refer you to the table provided on Page 212. Whilst 127 Observer days are attributed to the domestic Tuna Industry only 32 of these were spent in the Northern in-shore Fishery. The remaining 95 being spent on the *Daniel Solander* in the Southern Fishery. Thus the impression being given that there has been an improvement in Observer coverage in the Northern area is incorrect.
- 30 Likewise the same Vessel in the Ling Fishery last season spent 217 days at sea with observed days being 360 (the apparent anomaly in numbers being as a result of two observers being carried on most of the voyages).
- 31 Whilst we welcome good Observer coverage on our Vessels (domestic and joint venture) we question the correlation between the Observer placement and research programmes they are intended to support.

Appendix attached (following page)

Taken from SeaFIC submission 24/2/2003 on the Consultation on Fisheries and Research Services proposed by the Ministry of Fisheries for 2003/04

CC: SeaFIC – Kamila Shapa
Pelagic + Tuna Stareholder Group

Research projects

STN 2003 /01

Project: Within EEZ movements of southern bluefin tuna

28. This project was not supported at the Research Co-ordinating Committee. SeaFIC has a number of concerns with this project, not unrelated to concerns raised last year which resulted in a similar project being withdrawn. It is disappointing that given the opportunity to re-consult and address the issues, that further consultation did not occur.
29. SeaFIC submits that in this instance due process has not been followed. At no time has there been any formal consultation with the industry over the development of the project, allowing an assessment of the project's merits, and what would be a reasonable cost. Informal discussions since the plenary indicate that likely cost is in the region of \$200,000, equating to \$476 per tonne which raises serious questions as to the economic viability of the fishery.
30. SeaFIC understands that this project has been developed as New Zealand's contribution to an agreed scientific research programme giving effect to the Crown's international obligations. The industry should not be required to bear the costs of supporting agreements that the Crown makes to fulfil treaties or other international obligations that the Crown has entered into with other states. If the Crown wishes to impose these costs on the industry, it is only fair that the Crown consults and develops the research project in good faith with the industry.
31. Accordingly, if the Crown wishes to recover the costs from the industry, the project should be withdrawn and should be reviewed again in 2004-05. This would provide the Ministry with the opportunity to consult properly over the next twelve months to develop the research programme and to determine who should pay (Industry or Crown), enable the costings to be worked through and assess the true value of the project.