

FISHERIES SERVICES FOR 2005/06

INDEX OF ISSUES WITH STAKEHOLDER COMMENTS

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LIST OF ORGANISATIONS MAKING SUBMISSIONS ON THE DRAFT STATEMENT OF INTENT 2005/08

Full name of organisation	Short version
Aotearoa Fisheries Ltd	AFL
Area 2 Inshore Finfish Management Company Ltd	Area 2
Environment and Conservation Organisations of NZ Inc and Royal Forest and Bird Protection Society	ECO
Hoki Fishery Management Co Ltd	Hoki
New Zealand Rock Lobster Industry Council	NZRLIC
Paua Industry Council Ltd	PIC
Sanfords (representing The Pagrus Auratus Ltd, Northern Inshore Fisheries Ltd, The Snapper 8 Company Ltd, and Pelagic and Tuna New Zealand Ltd)	Sanford
The New Zealand Seafood Industry Council Ltd	SeaFIC
Te Ohui Kai Moana Trustee Ltd	Te Ohu
New Zealand Aquaculture Council Inc	NZAC
David Dannefaerd	David Dannefaerd
E Chambers - Ngatiawa	Ngatiawa

Notes

1 In the issues stated below, Hoki, PIC, NZRLIC Sanford, Te Ohu and NZAC support the SeaFIC statements.

2 The ECO submission is not amenable to disaggregation into the issues set out in the SOI. In the light of this, the ECO submission on proposed fisheries services is reproduced in full at the beginning of this document. ECO comments on fisheries research are set out along with other stakeholder comments on proposed research projects.

Environment and Conservation Organisations of NZ Inc & Royal Forest and Bird Protection Society

21 February 2005

Submissions on the Ministry of Fisheries’:

Draft Statement of Intent for 2005/08; the Fisheries Services Proposed for 2005/06; and the Stock Strategies Document.

Introduction:

Thank you for the opportunity to make submissions on these documents.

The Environment and Conservation Organisations of NZ Inc (ECO) is the national alliance of 62 organisations with a shared concern for the environment and for conservation. The Royal Forest and Bird Protection Society is a large national organisation with 58 branches established and active throughout New Zealand. The Society was established in 1923 but since then its domain of interest has spread from the largely terrestrial to encompass the marine environment and global processes.

Both ECO and Forest and Bird would like to take this opportunity to welcome new CEO of the Ministry of Fisheries.

Submissions:

Environmental Performance

We support the flagged intention in the documents to pay more attention to the environmental impacts of fishing and the environmental performance of the fisheries sector. We submit that the money provided for this is substantially inadequate and that the institutional evolution proposed will prevent effective environmental management “to avoid, remedy or mitigate any adverse effects of fishing on the aquatic environment” (S 8).

In particular we note that the Strategy to Manage the Environmental Effects of Fishing has largely disappeared from view in the SoI and that the remnant of this, the idea of national level management plans in some instances does not deal with the local and regional effects of fishing or with impacts on particular but not national ecotypes.

Institutions, Devolution, Obligations and Submissions

We have read the documents and rather than simply follow these on a page by page basis, which would presume our agreement with the Ministry’s intentions for institutional redesign,

for devolution of fisheries management and research to fishers and for the conceptions of “rights” there-in, we want to make these points and invite much greater attention to:

- Recognition of the unqualified obligation on New Zealand to “protect and preserve the marine environment “ {UNCLOS Art 192] – and to give statutory recognition to this with robust environmental procedures, publicly controlled and informed spatial planning and environmental protection mechanisms.
- Conversion of the philosophy and basis of fisheries management to adopt these principles and practices:
 - 1 Ecosystem based management – that recognises ecosystem functions, processes and services as both essential and largely irreplaceable and therefore the first object of sustainable management.
 - 2 Stock management is important but must be done in the context of primary reference to stocks in their ecosystem functions and context – this is essential to maintaining the marine environment in a healthy functioning state.
 - 3 That maintenance of the natural capital of the marine environment is an essential part of complying with the sustainability requirements in the Purpose of the Fisheries Act 1996 that the potential of fisheries resources be maintained to allow future generations to meet their reasonably foreseeable needs for fisheries resources. We see massive losses of natural capital.
 - 4 We note with continued dismay an absence in any of the documents of any reference to the needs of future generations or how these needs will be defined or met. We have in the past provided the Ministry with material and a seminar that addressed these matters and we invite the Ministry to engage with us as to a) why the Ministry remains silent on this aspect of your mandate; and b) how provision for these needs might be made.
- Recognition that the public of New Zealand and future generations, subject to Treaty of Waitangi and international obligations, are the fundamental rights holders. Harvesting rights are permits issued subject to sustainability and other requirements. The language of the documents suggests that “stakeholders” have lesser “rights” than so-called “rights holders” but in fact the public has the ultimate rights and has the right to intervene and contain actions that damage the environment, the interests of future generations and the benefits from fish in the sea. We invite the Ministry to re-think its attitudes and language. We suggest that the Ministry substitute the term “permit holders” for the term “rights holders” to make this relationship apparent. We are happy that there be reference to “Treaty rights holders”.
- Over-fishing of deep water and some other stocks. We urge a halt to the continued issue of TAC and to fishing when these stocks go below Bmsy. We draw your attention to the requirement of S 13 of the Fisheries Act that stocks (except bycatch) be managed to “at or above Bmsy”. We do not agree that you are entitled simply to regard this as a target that you habitually allow to be overshot.

We believe the Ministry should comply with section 13 the Act and that fishing should not be permitted when stocks decline below Bmsy. If stocks do go below this, then rebuild must be provided for and stopping fishing is the quickest way to achieve that.

It will often be the case that the economically most efficient stock level, from society's point of view, is that stocks be maintained well above Bmsy. Bmsy is a harvesting term and it does not allow for ecosystem relationships – for that reason too, Bmsy would also allow stocks to go too low to provide for ecological relationships and functions to be maintained.

It is our view that the Ministry must allow **public** discussion of the TAC and TACC levels so that ecological concerns, non-harvesting uses and objectives, environmental costs, concerns for equity for future generations and the lower discount rates of society compared to harvesters can be taken into account.

- The Ministry's desired institutional evolution is not acceptable to our organisations and their membership. These matters have been discussed and condemned at every AGM our organisations have held in the past few years and we do not agree that the Ministry is correct in its belief that the institutional evolution will allow for more responsible fishing in many of the fisheries.

The Ministry has never provided a proper study of the pros and cons of the institutional evolution proposed. It has never engaged with us on our reasons for believing that the combination of variables (as for instance identified by Elinor Ostrom) that would allow for successful common pool resource management are not present in the New Zealand fisheries, that narrow commercial objective functions and that high commercial fisher discount rates will mean commercial fishing interests will for many species mean overfishing and insufficiently controlled environmental damage. We hold this view notwithstanding the Ministry's view that standards will provide the safeguard against such overfishing. Our view is that the institutional forms and specification of standards will be such that failure is guaranteed.

We urge a review of the policy of devolution of fisheries services and research to the industry with a view to terminating this.

Our reasons for rejecting the proposed devolution of fisheries management and research via the mechanism of "fisheries plans" or other means are:

1 We can readily identify a number of situational and stakeholder characteristics (as classified by Ostrom) that make successful management of the kind proposed extremely unlikely.

2 The evidence of the depletion during the last 20 years of the operation of the QMS of the deepwater fisheries. This shows that property rights are not sufficient incentive to avoid depletion and may actually make forbearance more difficult to achieve because of the illusion created that fishers have more right to call the tune.

3 The strong depletion of fish stocks and the damage to the host environment reflects the domination of the high discount rates held by "footloose" and mobile

fishing interests over any incentives to preserve stocks. This is especially true of those stocks whose capital value grows at a rate less than the net return of funds in the next best commercial application. That result is both a core prediction of natural resources theory and is borne out by the evidence of the past 20 years of fish stock declines. There has been a rapid mining of natural capital in the form of lost fish stocks and damaged environments and an unwillingness of officials and/or Ministers to stand up to pressures from fishers.

The Ministry's proposals in the Statement of Intent to rely on Fisheries Plans prepared by fishing interests and judged against Standards prepared by the Ministry do not acknowledge the pervasive and sustained effect of high discount rates on the part of fishers; the compromise to information and knowledge that fishers commissioning research will generate and the difficulties that the Ministry, stakeholders and the public will face if so much of the control and information is handed over to fishers. Our concern about this is because the Ministry has nowhere demonstrated that it really has the ability to sufficiently specify the standards or to obtain and command independent information needed for these standards. This is hard enough now but much more important when the institutional arrangements are such that there are systematic biases on the information which is controlled by the industry.

These biases are real: We have attended many meetings that are part of the stock assessment processes, the research planning processes and the sustainability rounds. The biases are real and persistent. The current discussions on the state of the orange roughy stocks are an example: all the issues and technical disputes raised by the industry are focussed on increasing the stock assessment. If the disputes were truly unbiased we would see at least about 50% being to the effect that the stock assessment is too high, but in fact the interventions are that the stock assessments are too low. Similarly the industry frequently objects to research projects on impacts of fishing, tries to defer or defeat such projects going ahead and has objected to scientists speaking to the management implications of the science.

These pressures are a large part of the reasons for the overfishing and environmental damage continuing. They are bad enough in the current institutional arrangements but will matter much more if the industry commissions and presents the information and controls the pen of fisheries plan writing, with other parties reduced to making submissions to them. We reject such arrangements. We have raised these concerns many times. The Ministry has never seriously addressed these.

- The over-fishing and damage to the environment has persisted in part because of the lack of public knowledge of and awareness of the stocks' state and environmental impacts in part because the Ministry itself has lent itself to the obscuring of the true state of the stocks and the environment. The Ministry continues in the documents critiqued here to obscure the true state of the stocks.
- In this context we will send under separate cover material from a paper by Cath Wallace and Barry Weeber which is in press. We ask that this material be considered by the Ministry but not published or circulated until the paper from which it comes has been

published by the publishers to whom it has been submitted. We are happy to receive comment on this paper.

- Establishing mechanisms for public input into fisheries management rather than the current focus on “rights holders” and “stakeholders”. Nowhere in the documents did we find any recognition of the public or the future as rightsholders to the marine environment, its ecological services, the natural capital or the amenity, existence and bequest values associated with fisheries resources in the sea.
- Recognition of the need to capture resource rentals and to deploy these for society’s purposes including enabling the community to engage effectively in fisheries management and research decision making.
- Responding to the concerns of our groups and the expressed concerns of the scampi inquiries, including that of the States Services Commission about the institutional and cultural mind set of the Ministry in its relations with commercial fishers. In particular we see nothing that addresses the SSC Inquiry concerns or how the Ministry can avoid capture by industry interests. The institutional arrangements are an essential element of how relationships and incentives will be determined yet there is no discussion of how capture will be avoided. Instead, the Ministry continues to promote the industry agenda for greater industry control of fisheries management and research.
- We oppose the resumption of moves to further define the attribution of costs for cost recovery. In our experience this process has been a potent mechanism of industry capture of the Ministry.
- Not-with-standing the above we consider that there is a range of expenditure planned that the industry should have to contribute to. This includes costs relating to Ross Sea fisheries management, observation and research.

We have read the documents and find that they lack sufficient detail, precision or robust content to have confidence in the direction of the standards proposed or stock strategies that the Ministry is signalling its intent to pursue.

It is a commonplace of environmental and natural resource management that the success or failure of mechanisms lies in the details and incentives and adjustability of the measures set in place. We have not been provided with anything like enough information for this consultation on the use of standards and stock strategies to be effective.

We acknowledge the idea that setting standards and leaving fishers to meet these standards has an appeal for efficiency but this is only true if those standards are very easily specified, enforced and applied. We do not think that is true and we suggest that the endless wrangles now besetting the orange roughy stock assessment is a good example of the contestability of every aspect of an apparent standard, such that the Ministry would open itself to intense litigation if it pursues this path.

Thus we think it is a good idea for the Ministry to develop standards but not that this be the only function of the Ministry or that these be applied in the context of judging fisher written fisheries plans against these.

Relationships and Representation

We note the recognition in the documents of the need to improve relationships with non-commercial and non-harvesting stakeholders. We would like to underscore for the Ministry that the continued dismissal of our concerns both about the Ministry's attitude to the environment and its reckless disregard for the need to maintain fish stocks at the legal limits and to maintain environmental standards lie behind the poor relationships. It will only be when the Ministry acts to manage on an ecosystem based management basis, takes seriously the Purpose of the Act and its provisions and moves to provide statutory expression of the operation of the environmental and future regarding aspects of the Purpose that relationships will improve. We want to see rapid action to improve fish stocks and to reduce environmental damage. Blandishments and continued handing of power and control to the fishing industry will not achieve any improvements.

The Ministry speaks of establishing representative organisations to represent environmental concerns. We are representative organisations and we caution the Ministry against the establishment of GAENGOS (government appointed environmental NGOs) or CAENGOS (Corporate appointed environmental NGOs). We invite the Ministry to discuss any plans with our organisations early on.

Utilisation and Users

The Ministry frequently refers to "user groups". We point out to you that there are many in-situ uses of fisheries and that the Ministry must get out of the mindset that only extractive users should be considered. We remind you again of the many submissions that we have made on this point and of the definition of Utilisation in the Fisheries Act, that it includes conservation and that the pursuit of social and cultural well being and non-market economic values are part of the requirement under the Purpose of the Act. You are not entitled to consider only harvest uses or to confine the notion of economic wellbeing to consideration only of harvest and/or market values.

In particular you suggest that with stock strategies there may be only one set of users – the commercial users. In no case will there be only one set of users. There will always be those with in situ uses and the associated economic, social and cultural values.

Ministry of Fisheries Analysis

Environmental Performance

The revised SOI states the Ministry's intention to increase its focus on improving the environmental performance of fisheries and sets out a number of initiatives through which the Ministry proposes to achieve this. These initiatives include implementation of the Strategy for Managing Environmental Effects of Fishing. This would see government, in consultation with tangata whenua and stakeholders, develop and implement environmental standards specifying required levels of performance and acceptable levels of human-induced changes to fisheries and the aquatic environment.

The proposal in the draft SOI to develop national coordination strategies to address situations where different fisheries affect the same component of the aquatic environment was not intended to avoid dealing with issues at local and regional levels. Rather, it was to ensure

that managing effects at a local or regional level did not result in aggregate effects being missed. National coordination strategies are not proposed in the revised SOI. Instead, standards will apply at whatever is appropriate scale for the environmental effect that the standard relates to. The Ministry will also investigate other tools to help address environmental externalities where the current regime provides inadequate incentives.

Institutions, Devolution, Obligations and Submissions

The Ministry notes the concerns of ECO regarding the proposed approach to fisheries management in the draft SOI and the Stock Strategies discussion document.

The revised SOI acknowledges the need to take a more collaborative approach to managing fisheries. Accordingly the Ministry intends to work with stakeholders to determine fisheries outcomes and performance standards, and develop objectives-based management plans for fisheries, consistent with legislation, and international and Deed of Settlement obligations.

Management plans will be facilitated by the Ministry, but developed in collaboration with stakeholders and will incorporate both Government and stakeholder objectives for the fishery. The plans will then form the basis of Ministry advice to the Minister on management measures and fisheries services.

The revised SOI recognises that stakeholders are entitled to develop proposals for fisheries plans, however it does not limit fisheries plans to stakeholder-developed proposals. Instead, it is intended that Ministry-led management plans developed in 2005/06 be put forward as fisheries plans.

Relationships and Representation

The Fisheries Act 1996 requires the Minister to consult with persons or organisations representative of those with an interest in the stock or effects of fishing on the aquatic environment in the relevant area. The revised SOI indicates that, where such organisations exist, the Ministry will support their capacity to engage effectively in fisheries management. Where such organisations do not exist, the Ministry will support the establishment of representative stakeholder groups.

Utilisation and Users

ECO & RFBPS express concern that the Ministry does not include in-situ values in its consideration of value from fisheries. As discussed on several occasions previously, the Ministry considers that aspects of non-extractive uses are currently outside the scope of the Fisheries Act, but recognises that in-situ values are a legitimate source of value. The revised SOI identifies as an initiative the need to explore options to provide for non-extractive uses.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI states the Ministry's intention to increase its focus on improving the environmental performance of fisheries and outlines a range of appropriate proposed to achieve this
- b) **Note** that the revised SOI emphasises the importance of taking a more collaborative approach to managing fisheries

- c) **Note** that the revised SOI states that the Ministry will consult with stakeholders to develop proposed fisheries outcomes, performance standards, and process standards, and will work with stakeholders to develop management plans.
- d) **Note** that the revised SOI states that the Ministry will work to improve engagement by tangata whenua and stakeholders in fisheries management.
- e) **Note** that the revised SOI continues to recognise that non-extractive uses are a legitimate source of value from fisheries resources, and indicates our intent to explore options to provide for more transparent recognition across statutes

ISSUES RAISED AND MINISTRY RESPONSES

Issue 1 – Why fisheries must be managed

Output Class	N/A
Output	N/A
Draft SOI page no.	5 - 7
Page and paragraph number from stakeholder submission	SeaFIC page 2 para 9 - 10; Te Ohu Page 2 AFL Page 4

Submission Details

SeaFIC comment

9 SeaFIC agrees with the tenor of this section, which contains a series of statements on how New Zealand has generally managed its fisheries effectively.

10 We note the inclusion on page 8 of statistics suggesting that the New Zealand fisheries management regime is more cost-effective than other OECD countries. This comparison omits to point out that in contrast to OECD countries, where governments meet the expenditure on fisheries management, New Zealand recovers a major part of the costs of these services directly from the commercial fishing industry. It would be interesting to see a comparison between the full costs (inclusive of industry share) in New Zealand vis-à-vis the OECD.

Te Ohu comment

In general Te Ohu would accord with the remarks in these pages, after the necessary discounting of the departmental and political "spin". The only particular comment warranted is on the seriously misleading nature of the remarks under the *Public cost* subheading.

In our view, while the 2.3% Crown contribution may or may not be correct in terms of "public cost", it is entirely misleading in a public document to omit any comment on the contributions by industry to fisheries management costs in this country when making comparisons with the positions in other OECD nations. It is also misleading to omit any acknowledgement that New Zealand is the only OECD member country where the fishing industry is required to make such contributions or to omit that elsewhere all such costs are centrally funded.

AFL comment

AFL is concerned with the overly “upfront” negative slant to the paper. Statements such as “overfishing”, “destruction”, “damage” are used in a context of there being a problem with New Zealand’s fisheries. Instead, after almost 29 years of fisheries management intervention since the QMS, New Zealand is well placed in maintaining the health of its fisheries resources and marine environment and is recognised internationally for such.

In our view the statement could better reflect the “actual” state of or marine resources by;

“New Zealand’s fisheries are a superb natural resource. They represent a source of cultural, social, economic and environmental well-being for the nation. But they are a limited resource.

The absence of sound management reduces their value to New Zealanders. The value customary and recreational..... to find employment”.

2. Global Perspective; (p5)

Adds little to the document and should be removed

3. Decline in fisheries;(p5)

1st paragraph refers to other parts of the world and should be removed.

2nd paragraph should be cut and pasted between the 1st and 2nd paragraphs under “globalisation.

4. Where are we today?

4.1 Public Cost; (P7)

The statement under this sub-section;

- (1) ignores the significant annual cost recovery input of the industry
- (2) has the potential to lead the reader to believe insufficient fisheries management expenditure, relative to export values is undertaken annually.

The budget outlined on page 26 of the document equals \$95m (\$35m cost recovered) for management expenditure. This against projected export earnings \$1.0b, represents substantially greater than a 2.3% ratio.

Ministry of Fisheries analysis

The Ministry agrees that the discussion on public costs should note the contribution from industry via cost recovery. The revised SOI has replaced this paragraph, noting both the cost recovery and the absence of subsidies as well as updating the figures.

The section on Global Perspective has been removed and replaced with a brief section outlining the need for management to preserve the value of fisheries resources.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the section entitled “Why Fisheries Must be Managed” has been substantially revised and now forms part of the Context chapter.
- b) **Note** that the paragraph on management costs has been updated and now refers to the industry contributions.

Issue 2 – New Zealand fisheries management – continued innovation

Output Class	N/A
Output	N/A
Draft SOI page no.	8
Page and paragraph number from stakeholder submission	<p>SeaFIC Page 2 paras 11 – 14</p> <p>Te Ohu Pages 2 - 3</p> <p>PIC Page 2; paras 4 – 5</p> <p>Area 2 Page1</p> <p>AFL Page 5</p>

Submission Details

SeaFIC comment

11 Page 9 states that “the next few years will see continuing innovation in the way New Zealand fisheries are managed”. We would welcome a clearer indication of the time frame that is being contemplated.

12 We also seek further clarification of the statement “The Ministry needs to extend its policy frameworks to encourage sustainable utilisation, and promote economic growth and non-commercial values”. As the industry has been experiencing over the last few years increasing financial strain due to the impact of high exchange rates, rising fuel costs and government charges, in principle we welcome an initiative that will promote economic growth, provided the role of the Crown and the role of the industry remain clear.

13 In our opinion, the suggested new “economic growth” role contains an inherent conflict that needs to be resolved. The QMS is essentially a hands-off instrument that provides an economic incentive for rational, sustainable use. Promoting economic growth beyond maintaining the integrity of the legislative and policy frameworks of the QMS and other elements of the management regimes for fishing and aquaculture seems to imply specific intervention by government. We provide some comment on appropriate roles for the Ministry in relation to economic growth later in this submission.

14 Furthermore, the SOI does not specify what exactly is meant by promoting non-commercial values, which could encompass non-extractive uses as well as non-commercial fishing (recreational and customary). We reiterate that MFish has no statutory mandate under the Fisheries Act 1996 for management of non-extractive uses. To the extent that the reference to “non-commercial values” is intended to encompass non-extractive use, SeaFIC recommends that this reference should be removed from the SOI.

Te Ohu comment

The "feel good" nature of the remarks in these pages does little to indicate what is actually intended or how those intentions will be put into practice. Like SeaFIC, Te Ohu would welcome clarification of the intents and timeframes contemplated. In particular we request expansion on the statements -

- *The Ministry needs to extend its policy frameworks to encourage sustainable utilisation, and promote economic growth and non-commercial values*
- *Challenges include the need to improve the environmental performance of the fisheries sector, individual and collective responsibility for fisheries management, stakeholder and cross-government involvement to enhance the health of fisheries resources and their value*
- *Allocating rights.*

None of the subjects canvassed on p. 8 appear to be discussed in detail elsewhere in the SOI documents complex although some, for example definition of recreational rights, regulatory overhaul and improved participation, have appeared regularly in previous SOI and Annual Plans. Advances though have been largely indiscernible.

There needs especially to be clearer direction on what is meant by *improved environmental performance of the fishing sector*. While MFish has a general objective of "improving performance", what is the framework for identifying where particular problems exist? This area of work lacks strategic direction. For example there is no framework for determining what level of effect is acceptable. We must assume that some level of effect is acceptable, otherwise fishing could not occur. The question is "What is the scale and intensity of that acceptable effect?"

Also, like SeaFIC, Te Ohu is concerned at the implications in these pages that the rights already vested by legislation in quota owners are to be further eroded and that MFish will, contrary to the will of Parliament, continue to promote non-extractive "uses" of fisheries resources. As both SeaFIC and we have said before, promotion of non-extractive "uses" is not a legitimate function of MFish under the Fisheries Act 1996.

PIC comment

4 PIC (like SeaFIC) is in agreement with the general direction the Ministry is taking towards fisheries management but is very concerned that "*the move to objectives-based fisheries management underpinned by the assessment and management of risk*" runs headlong and head first into the Marine Protected Areas Policy. In fact, much of what the SOI document sets out to achieve will be simply undermined by implementation of the ad hoc policy of placing 10% of New Zealand's marine area into protection.

5 The fact that New Zealand has come to be an acknowledged world leader in the use of property rights to manage fisheries, coupled with the sustainability requirements of the Fisheries Act seems not to matter a jot. The truth of the matter however is that the implementation of the MPA policy will seriously undermine this world leading management system. The Minister of Fisheries can not assist in this implementation without seriously impacting on the objectives in the SOI. The simple oil and water analogy applies - the two

do not mix. One undermines the other and this dichotomy must be spelt out to the government.

Area 2 comment

“... *the Ministry needs to [...] promote economic growth and non- commercial values*” (Page 9).

What does this mean? What non commercial values will MFish promote?

AFL comment

AFL acknowledges the overall intent contained within this section in particular the key areas of;

- *Improving environmental performance of the fisheries sector*
- *Acceptance of individual and collective responsibility*
- *Implementing objective based management through the development of stock strategies and fisheries plans.*
- *The provision of policy advice to government on fisheries outcomes, policy, standards and legal frameworks*

None of which need necessarily be the sole domain/requirement of any single participant/entity involved in fisheries management, including government.

Ministry of Fisheries analysis

The section called ‘New Zealand Fisheries Management—Continued Innovation’ has been removed from the revised SOI. Aspects have been incorporated into the new chapters called Strategic Direction and Priorities for the Next Three years. The revised SOI emphasises the importance of constructive engagement with stakeholders to achieve credible fisheries management.

The revised SOI identifies facilitating sustainable development as a Ministry role. Our participation in the Growth and Innovation Framework is listed as a specific initiative to improve economic performance of the seafood sector.

SeaFIC and others express concern that enhancing non-commercial values could include non-extractive uses. While we agree that aspects of non-extractive uses are currently outside the scope of the Fisheries Act, we also recognise that such uses are a legitimate source of value. The SOI identifies as an initiative the need to explore options to provide for non-extractive uses. Allocation decisions on the uses of marine resources need to be integrated and this is currently not achieved across the relevant statutes.

The revised SOI gives some indication of the timeframe for moving toward the new management approach, but no timeframe is given for completion. The move toward a collaborative approach to the development of management plans will place significant demands on Ministry resources. The revised SOI indicates the Ministry’s commitment to developing two or three management plans in 2005/06 as a proof of concept, with further

plans to be developed in the following years. Other initiatives to improve engagement listed in the SOI also need to be supported and resources need to be allocated across the different initiatives.

The priority on improving the environmental performance of fishing in the revised SOI details the intended initiatives, including the need to set standards specifying acceptable levels of environmental modification.

The Ministry does not agree that implementation of the Marine Protected Areas Policy will necessarily ‘seriously undermine’ the rights-based management system. It is, however, important that the implementation of this policy adhere to the proposed site and tool selection principle calling for adverse impacts on existing users to be minimised.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the section called ‘New Zealand Fisheries Management—Continued Innovation’ has been removed from the revised SOI and relevant aspects incorporated into the chapters on Strategic Direction and Priorities for the Next Three Years
- b) **Note** that the Priorities chapter elaborates on the initiatives to improve economic and environmental performance
- c) **Note** that the revised SOI continues to recognise that non-extractive uses are a legitimate source of value from fisheries resources, and indicates our intent to explore options to provide for this use
- d) **Note** that a timeframe is given for developing the first management plans but no timeframe is given for completion of the transition to the new management approach.

Issue 3 – Elements of the Fisheries Management Approach – Fisheries outcomes/Policy

Output Class	N/A
Output	N/A
Draft SOI page no.	10
Page and paragraph number from stakeholder submission	Te Ohu Page 3 AFL Page 5; para 7

Submission Details

Te Ohu comment

MFish is separately consulting on a proposal to move to a minimalist Stock Strategies approach to discharging its (and the Minister's) responsibilities under the Fisheries Act, with any active management initiatives for fisheries being the responsibility of users via fisheries plans. Te Ohu is responding separately to that proposal and will now limit its comments to stating that, while the principles espoused in the relevant consultation document may be acceptable, the approach outlined has major gaps and conflicts both with existing QMS rights and with the Crown's responsibility to promote resource utilisation in a sustainable way.

Our concerns are underscored by the absence of any framework for linking stock strategies and fisheries plans or for assisting the industry to make the transition from the former approach to the latter.

As such, Te Ohu in no way accepts the *fait accompli* implied in this section. A lot more discussion is required.

AFL comment

7 AFL is interested in further explanation of what the Ministry means by “*The government outcomes will both direct and constrain the fisheries goal*”. The “goal” we assume being “*maximise the value New Zealanders obtain through the sustainable use of fisheries resources and protection of the aquatic environment*”

Does this mean that the Ministry’s goals are at odds with outcomes the government is seeking?

Ministry of Fisheries analysis

The revised SOI states that the Ministry no longer intends to develop stock strategies. Instead, a collaborative approach will be taken to develop objectives-based management plans. These management plans may be put forward as fisheries plans, but in all cases will form the basis of Ministry advice to the Minister on management measures and fisheries services relevant to the fishery. The revised SOI also recognises that stakeholders may proceed to develop their own proposals for fisheries plans.

Elaboration of the outcomes and standards framework is now included in the Priorities chapter. Outcomes will be set by Government, following consultation with stakeholders. For transitional purposes the four ‘contributing outcomes’ are identified as interim outcomes. The overall fisheries outcome identified in the revised SOI (also called the Ministry ‘goal’) is clearly not at odds with the interim outcomes. The Ministry does not expect the outcomes set following consultation to be at odds with the overall fisheries outcome. However, should it be necessary to change the Ministry’s overall fisheries outcome to more accurately reflect the Government’s intent with respect to fisheries, we will do so.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the proposal to develop stock strategies has been replaced with the proposal to work with stakeholders to develop objectives-based management plans
- b) **Note** that the revised SOI identifies the four contributing outcomes as ‘interim’ outcomes, and the Ministry expects the outcomes set following consultation to be consistent with the overall fisheries outcome.

Issue 4 – Elements of the Fisheries Management Approach – Fisheries Management

Output Class	N/A
Output	N/A
Draft SOI page no.	10
Page and paragraph number from stakeholder submission	SeaFIC Page 3 para 15 Te Ohu Page 3 Area 2 Page 1 AFL Page 1; para 1 Page 5; para 8

Submission Details

SeaFIC comment

15 The Ministry is proposing a major shift in the New Zealand fisheries management approach by clarifying the role of the Crown by implementing a stock strategy framework. SeaFIC has stated previously that in principle the general direction taken by MFish appears to be positive. We support the intent of the “New Approach”, as outlined in the 5 bullet points on page 11 of the SOI. Our difficulty lies in the fact that although the change has been signalled for several years, the fundamental elements of the shift are not yet in place and the operational details of the new regime appear to be constantly changing. Little visible consideration appears to have been given to managing the transition from the current situation to the new fisheries management approach or how the new approach will operate while the underlying framework remains incomplete.

Te Ohu comment

Te Ohu rejects the statement that *Fisheries management is about implementing government fisheries outcomes and policy*. That statement entirely ignores the rights, objectives and desired outcomes of all users of our fisheries resources, both marine and freshwater. It also ignores the pending debates over the allocation and use of coastal land and water space, none of which have yet occurred, let alone been settled, and the basic questions of which services are required and which can or should be dispensed with.

Area 2 comment

Fisheries management “...is about implementing government fisheries outcomes and policy directions within the statutory framework” (page 11).

We disagree.

Fisheries management includes effort well beyond government outcomes. Many Commercial Stakeholder Organisations (CSOs), SeaFIC, iwi and individuals are involved in fisheries management.

AFL comment

1 AFL supports the Ministry's approach to;

- Clarifying Government and stakeholder roles and responsibilities for sustainability and utilisation of fisheries resources.
- Move to objectives-based fisheries management, underpinned by the assessment and management of risk.
- Increase transparency by detailing management initiatives provided to each fishery and their costs.
- Ensure regulatory interventions are justified and remove those no longer required.
- Monitor performance of management against objectives.

In our view the review has been long overdue and is fundamental to giving effect to the nature and extent of the fisheries management framework contained within the 1996 Fisheries Act.

8 While fisheries management may, for the Ministry, be about implementing government's fisheries outcomes and policies this is not the case for external stakeholders and should be clarified in the opening paragraph.

In fact government policy and outcomes are more likely to come from wider stakeholder input if the Ministry's proposed framework evolves.

Ministry of Fisheries analysis

Stakeholders express support for the bullet points contained on p.11 of the draft SOI. Although this section has been removed from the revised SOI, the bullet points are in essence the key elements of the objectives-based approach now discussed in the Priorities chapter.

As noted above, the revised SOI recognises the role and importance of stakeholder contributions to determining outcomes, standards, and management plans. The sentence defining fisheries management has been removed.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that this section has been replaced by the description of the objectives based approach to fisheries management in the revised SOI.
- b) **Note** that the bullet points describing the key elements of the objectives-based approach are, in essence, the same as the bullet point contained in the draft SOI.

Issue 5 – Rights frameworks

Output Class	N/A
Output	N/A
Draft SOI page no.	10
Page and paragraph number from stakeholder submission	SeaFIC Page 3 paras 17 – 18 and page 6; para 34 Te Ohu Page 3 AFL Page 5; para 9

Submission Details

SeaFIC comment

17 SeaFIC in principle agrees with the statement on page 11 that “the allocation of rights enables rights holders to maximise value from their allocation and provides incentives for rights holders to work collectively to ensure the sustainability of fisheries.” However, in the absence of a recreational rights framework, all accountability, responsibilities and costs can be applied only to the commercial sector, but value maximisation (if any occurs) is then shared by all sectors. We are therefore disappointed that the statement that “further work is required to improve the rights based framework” does not appear to have been translated into a specific output. There are several statements in the SOI about the need to improve specification of recreational fishing rights (eg, p12 and p16), but the only reference to this issue in the outputs for 2005/06 is a report “assessing options to improve certainty around intersectoral allocation” (p30) – a much more modest goal than completing the rights-based framework.

18 SeaFIC is taking a cautious view of MFish actually carrying out the necessary work on this element of fisheries management. We have read similar statements in previous years’ SOIs, yet little progress has been made. SeaFIC recommends that the development of a rights framework to improve the management of recreational fishing should be a priority area for the Ministry in 2005/06

34 We note that the discussion of priorities with respect to improving the management of recreational fishing is back to front. The first priority should be to “improve the specification of recreational fishing rights and their integration or alignment with other existing rights” (a priority that does not appear to be reflected in the specified policy outputs for 2005/06). Only then can work on “refining the mechanisms to allocate fishing rights between sectors” proceed with any certainty.

Te Ohu comment

Clarification of rights for non-industry users of fisheries resources has been a perennial component of past SOIs and Annual Plans. Regrettably, performance under those SOIs and Plans on the rights clarification issue essentially has been nil and there is nothing specific in

the 2005/06 Output Plan to suggest that position will be improved during the forthcoming year.

We have now reached the stage when words are not enough. Action is essential if fisheries management advances and the good things specified in the first sentence of the section are to happen. The 2005/06 work programme needs clear provision for these long-standing gaps to be filled during the next 12 months.

PIC comment

The Paua Industry Council (PIC) fully supports the submission made by the NZ Seafood Industry Council. We particularly support paragraph 17, as we too welcome a more collaborative approach between rights holders and the government in the development of fishery plans. We should note that we are beginning to witness this with involvement of Ministry personnel in meetings working on a PAU7 Fishery Plan. We applaud this commitment.

AFL comment

AFL supports the Ministry approach.

Ministry of Fisheries analysis

The revised SOI states that the Ministry will support the regional recreational fishing forums and the Ministerial advisory panel, and take a collaborative approach to the development of management plans. In particular the Ministry will help stakeholders work together to identify objectives that reflect how they want to maximise the value from a shared fishery.

The Ministry notes that in the longer term we should be working toward enabling stakeholder representatives to reach agreements on how to manage fisheries to meet their respective interests. To this end the revised SOI includes as an initiative to enhance recreational fishing better definition of rights so that stakeholders can more easily work together toward common objectives. This remains an important deficiency in the fisheries management regime that needs to be resolved but will take some time.

The Ministry notes the support for a more collaborative approach to be taken to the development of fisheries plans. The revised SOI adopts this suggestion through the proposal to develop management plans that can be put forward as fisheries plans.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that, contrary to industry submissions, the revised SOI does not place a short-term priority on the specification of recreational fishing rights.
- b) **Note** that the revised SOI does emphasise that a collaborative approach will be taken to the development of management plans and that such plans could be put forward as fisheries plans.

Issue 6 – Operational standards

Output Class	N/A
Output	N/A
Draft SOI page no.	11
Page and paragraph number from stakeholder submission	<p>SeaFIC Page 4; paras 19 - 20</p> <p>Te Ohu Page 3</p> <p>Area 2 Page1</p> <p>AFL Page 5; para 10</p> <p>E Chambers – Ngatiawa Page 1</p>

Submission Details

SeaFIC comment

19 SeaFIC has for a number of years submitted that the development of standards is a key element of the new approach to fisheries management. Their development will not be simple, and it will require and benefit from the involvement and support of stakeholders. On numerous occasions we have offered to contribute to the standards development process. In response to questions on the process and other details for developing standards, we were informed last year that “*MFish is fully engaged in developing projects and work plans for the 2004/05 and 2005/06 years that is needed to develop much of the detail sought by submitters. This will necessarily involve further consultation and discussion with stakeholders¹*”. Alas, over the past year we have not been provided with any of the details, we have not been involved in any consultation and this SOI is still only showing the general policy direction with no indication about when, how and where these “details” will be made operational.

20 SeaFIC recommends that the Ministry should commit to a clear process for stakeholder involvement in the development of operational standards

Te Ohu comment

Exactly the same non-performance comments apply to the *Operational Standards* section as are set out above for *Fisheries Management*. Words and promises are no longer enough, action is long overdue.

¹ MFish response to questions on the 2004/05 SOI.

Area 2 comment

“Standards will be developed to provide consistency in approach “ etc etc (Page 12).

What happened to past objectives to develop standards? This section reads as if work on this topic is just beginning yet this intent has been stated for many years.

All in all, Area 2 can find the SOI vague and finds nothing to suggest there is anything other than more of the same lined up for the next few years.

The initiatives for Fisheries Plans and Stock Strategies have a long way to go before management systems are developed that are workable and efficient.

AFL comment

AFL would caution that the “Standards” do not become so prescriptive as to constrain innovation and development. There is no reference to consultation on the development of these standards, in this section, or ongoing review frameworks.

E Chambers – Ngatiawa comment

Having read the proposal, Ngatiawa are supportive of the concept that is being proposed, as we agree with the reasons – especially for sustainability as this has been an issue that Ngatiawa have always been concerned about.

Realistic sustainable quota, allowing those involved to record/accept/utilize and grow the stocks so that there is an ongoing future with an increasing stocks for future generations. It is good to see costings, but it would be good if there was a “buffer” if there are cost over-runs, unseen costs/dangers/diseases or events as it has proven fortuitous in the past to slightly ‘over-budget’ with a surplus than to ‘under budget’ and fail.

It is good to see that the local partially accepting their part in placing fresh water and sea-borne fish species at risk from poisoning and contamination around the local estuary, and Tasman Bay by the action of tipping 75,000 litres of up to 8751 times the limit of recreational shellfish takes and only 500 metres from the potential Commercial shellfish beds, as identified by MAF

Ministry of Fisheries analysis

The Ministry acknowledges past delays in the development of standards. The revised SOI makes a clear commitment to proceed with the development of performance standards—in particular environmental standards--in 2005/06, and to do so with stakeholder involvement. Standards are to be performance-focussed and should provide flexibility as to how they are met.

The revised SOI also outlines an interim approach for 2005/06 enabling management plans to be developed simultaneously with the development of performance standards.

The richness of approach sought by Ngatiawa will be able to be addressed in the development of management plans that provide for risks to be assessed and provide opportunities for stakeholders to work together to determine desired objectives that meet or exceed the performance standards.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI states that the Ministry will start the development of performance standards—in particular environmental standards—in 2005/06, and do so with stakeholder involvement.

Issue 7 – Fisheries plans

Output Class	N/A
Output	N/A
Draft SOI page no.	11
Page and paragraph number from stakeholder submission	SeaFIC Page 5; paras 21 – 22 Te Ohu Page 4 AFL Pages 1 - 2; paras 2 – 3 Page 6; paras 11 - 12

Submission Details

SeaFIC comment

21 SeaFIC agrees with the description of fisheries plans provided on page 12 of the SOI. In particular we note the important role of fisheries plans in providing rights holders with an opportunity to maximise the value derived from fisheries resources. We also support the statements about fisheries plans potentially varying widely by fishery and/or area, and that the initiative must come from fisheries rights holders themselves, rather than being driven by government.

22 We would welcome a more collaborative approach between rights holders and the government in the development of fisheries plans and look forward to the opportunity to discuss this with the Ministry. Further analysis in support of this suggestion is contained in our submission on the Stock Strategies document

Te Ohu comment

More collaboration with industry and others on fisheries plans is required. Given the contribution made by industry to the costs of management, the aim should not be to build an MFish empire but to find the best mix of management responses to different fisheries in light of the range of stakeholders, the value of the fisheries concerned and the availability of management skills - within MFish, the industry and elsewhere.

It is to be regretted, however, that the text suggests the pre-eminent approach in all cases will be that of Central Government stock strategies and any fisheries plans will be limited to the periphery of such strategies. The lack of progress by user sectors on fisheries plans stems not only from the unclear path for developing a successful plan, but also from the likely lack of fisheries waters access which will follow from already announced (and pending) Crown objectives in areas such as marine protected areas and coastal space allocation, biodiversity and environmental protection.

AFL comment

2 AFL is concerned that the paper is silent on how stock strategies and fishery plans might be integrated. The paper outlines the Ministry's approach to being one of critiquing/assessing plans once they have been submitted. However, the absence of a clear process of assessment and criteria for how plans will be assessed is akin to City Councils allowing the building of a house in the absence of the builder knowing building codes, resource planning requirements etc.

It would be unrealistic to have a framework in place where the adjudicator/assessor has no predetermined measurements/criteria from which to make a judgement on. Further it is likely to see a continuation of the current environment where industry has seen the development of a number of plans fail to obtain Ministry approval due to changing interpretation and requirements.

In AFL's view it would seem contrary to any "objective-based" measurement approach, proposed by the Ministry, to retain such a subjective based framework?

3 AFL's approach to integration would be to align the structures and services of the Ministry to

- Produce stock strategies
- Support the production of and undertake the assessment/authorisations of stakeholder developed plans.

Under such a framework and after a period of adjustment all services should be capable of showing a direct link to either of these core activities.

It is crucial however that;

- any risk assessment undertaken as part of the production of stock strategies **not** try to second guess optimal outcomes for stakeholders.
- Any objectives identified as part of the production of stock strategies should **not** try and reflect a response to transitory political lobbying.

Under the approach outlined above it will also be crucial to ensure that stakeholders can achieve optimal benefit of management decisions by not being constrained to single service provider provision (i.e the Ministry). A key success measure would see increased levels of direct stakeholder service provision and a subsequent decline in the resources needed to support the Ministry's strategy.

11 While conceptually we support the move as a means of (a) more clearly defining the roles and responsibilities of the government vs stakeholders and (b) providing the right incentives for each sector to embrace such, we are not convinced that the potential for large scale duplication has not been avoided.

The Ministry has outlined a comprehensive template of information that will form part of any stock strategy. If the information is not readily available it is not clear whether the Ministry would adopt an approach that (a) assesses risk in the absence of information or (b) intends to commission the work and impose the associated cost on stakeholders.

Fisheries Act 1993

Section 10. Information principles – All persons exercising or performing functions duties and powersshall take into account the following information principles

(a) Decisions should be based on the best available information.

It would seem that “best available” would constrain Stock Strategy and Fisheries Planning frameworks to management decisions based on a review of the data available at the time and not as the paper would have one believe that a potentially extensive range of data “will be required” to form an “information brief”.

The information needed to establish a “stock strategy” must surely be less than that required of a fisheries plan? It may be argued that the key driver of information is the assessed level of risk to the particular fishery of not meeting sustainability requirements.

AFL believes a risk assessment approach in the absence of information will naturally encourage a much more cautious approach by decision makers at a stock strategy level. This approach places the incentive firmly at the feet of stakeholders to shift the fishery from a “risk based fisheries stock strategy” to an enhanced management planning framework allowing for increased sustainable harvest levels/strategies.

Failure to impose such disciplines will ensure long term dependency by stakeholders on central government based management. Something years of experience has shown, both here and overseas, simply does not work.

12 Risk and Value Framework (P12)

AFL has some concerns with the statements contained in this section. The risk assessment is described as an analytical framework to be used to determine the optimal set of management services to achieve the stated objectives for a fishery.

The stated objectives of any fishery, from a Ministry viewpoint, can surely only be;

1. Provide for utilisation (fishery plans)
2. ensuring sustainability (stock strategies set at minimum risk levels)

There is considerable danger that stock strategies will quickly expand to include all those things that better belong in a fishery plan. The draft information brief (SBW example) shows how quickly stock strategy thinking and design moves quickly into many of the areas one would consider better belong in a fisheries plan.

Ministry of Fisheries analysis

The revised SOI no longer restricts fisheries plans to plans developed by stakeholders. Instead proposals for fisheries plans could emerge from the Ministry-led management plans or from stakeholder led initiatives. In the development of those plans the Ministry will

ensure legislative requirements are met, fisheries outcomes achieved, and standards met, and will engage with stakeholders on how value can be achieved within that framework.

The Ministry's approach to development of management plans will involve stakeholders with an interest in the particular fishery. This will ensure that the risk assessment used to identify key management measures and evaluate alternative implementation strategies does not have to 'second guess optimal outcomes for stakeholders'—the stakeholders will be at the table. The Ministry agrees that absence of information will need to be taken into account in setting management controls. However, given stakeholder input in the development of management plans, a clear strategy could be agreed on to collect information and specify the management response to particular findings.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI replaces the development of stock strategies with the development of management plans, and no longer restricts fisheries plans to stakeholder-led proposal.
- b) **Note** that risk assessment will continue to be an integral part of the development of management plans, and that the role of the Ministry will be to facilitate stakeholder agreement on appropriate objectives and implementation strategies that meet performance standards.

Issue 8 – Cost recovery

Output Class	N/A
Output	N/A
Draft SOI page no.	12 - 13
Page and paragraph number from stakeholder submission	SeaFIC Page 4 – 5; paras 24 – 26 Te Ohu Page 4 Area 2 Page 2 AFL Page 7; para 13

Submission Details

SeaFIC comment

24 The SOI (page 13) states that the cost recovery regime is based on the principles contained in section 262 of the Fisheries Act 1996 and the Fisheries (Cost Recovery) Rules 2001. While this statement is in theory correct, SeaFIC has submitted on numerous occasions that the Rules themselves are *ultra vires* (i.e., inconsistent with the principles) and we have proposed a comprehensive review the Rules.

25 The SOI suggests that the Ministry will be “conducting a review of the way the cost recovery process is applied”. While supporting the need for a review, SeaFIC considers that this must be wider than just a review of the application of the current process and Rules. We therefore recommend the inclusion in the Ministry’s 2005/06 workplan of a full review of the substance and application of the Rules in the context of the principles in section 262. This review should be undertaken through a joint industry-Crown process.

26 The SOI states also that MFish has undertaken work to improve transparency around the cost recovery process. SeaFIC agrees that there has been a significant improvement in the cost recovery process over the past two years. We see the comprehensive review proposed above as a continuation of these improvements

Te Ohu comment

MFish agreed two years ago that the *Fisheries (Cost Recovery) Rules 2001* did not accurately reflect the provisions of s.262 of the Fisheries Act 1996. An industry/Crown working party to review the Rules was agreed to at that time but has never progressed.

No mention of this working party commencing operations is included in either the SOI or the 2005/06 Annual Plan. The work is now of extreme priority and should take precedence over many of the more esoteric actions covered in those documents.

The worthwhile work undertaken by MFish over the last two years in refining cost recovery processes is acknowledged but there are a number of issues affecting cost allocation which cannot be settled until the Rules review occurs.

One matter which that review must address is the failure to implement s.262(b) -public interest costs - as the absence seriously impacts both on MFish's own aquatic environment research proposals and those of DoC under its Conservation Services Programme. Until the Rules are corrected the industry will continue to be faced with demands for Crown levies on public interest activities, a situation which can no longer be tolerated.

Area 2 comment

Area 2 would like to see explicit reference to a review of Cost Recovery Rules.

AFL comment

History would show that any review of the cost recovery framework is likely to result in an attempt to sheet home more of the costs to industry.

Despite the transfer of considerable numbers of MoF staff to NIWA and FishServe since the introduction of Cost Recovery in 1992 the growth in departmental numbers has continued unabated. There is little if anything in the SOI that would give confidence to industry that efficiency gains will be forthcoming in this arena.

Any review designed to refocus costs towards government funded stakeholder support does little to address efficiency/productivity gains across the organisation. AFL supports the view *“to better align the obligations that are associated with fishing rights”* however such a statement assumes that rights are fully defined within the marine environment. This is clearly not the case and AFL is interested to see how the Ministry proposes to define the nature and extent of rights where they currently missing from the legislative framework.

Ministry of Fisheries analysis

The Ministry agrees that aspects of the cost recovery regime should be reviewed, based on the current principles in s262, and the revised SOI indicates the Ministry's intention to undertake such a review. At this stage, the scope of the proposed review has yet to be developed but stakeholder views will be taken into account when the scope is determined. The process that will be used in the review has not been finalised. However, the industry clearly has a strong interest in any review of the cost recovery regime and the process will provide for participation by stakeholders.

The comments from AFL regarding the history of cost recovery revenues are simply not true. The 1999 review of the Cost Recovery Rules, resulted in \$4.8 million in costs per year being shifted away from the industry and funded by the Crown.

There has never been any suggestion that these costs should be transferred back to industry.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI contains a proposal to review the cost recovery regime that stakeholder views will be taken into account when the scope of the review is determined, and that there will be opportunities for stakeholders to participate in the review.

Issue 9 – Improved stakeholder participation

Output Class	N/A
Output	N/A
Draft SOI page no.	13
Page and paragraph number from stakeholder submission	SeaFIC page 5 para 27 Te Ohu Pages 4 – 5 ECO Pages 7 – 8 AFL Page 2; para 4 Page 7; para 14 D Dannefaerd Page 1

Submission Details

SeaFIC comment

27 SeaFIC notes that many of the initiatives for improved stakeholder participation relate to the Ministry’s relationship with non-commercial stakeholders. We consider that the relationship between the Ministry and the industry (both fishing and aquaculture) is also an area that would benefit from improvement. Our submission on the Stock Strategies document contains some recommendations on ways in which this relationship might be improved with respect to fisheries management functions.

Te Ohu comment

Te Ohu notes that obtaining the participation of suitably skilled stakeholder representatives in fisheries management processes has been an ongoing problem since the QMS was introduced in 1986. The processes are frequently technical in nature, time consuming and demanding and few industry people have the necessary skills, experience, finance and time to participate. Despite efforts over the last 10 years by the Treaty of Waitangi Fisheries Commission, the position is even worse for Iwi participation. Less than optimal management decisions have resulted from the minimal participation.

While Te Ohu applauds the proposals to assist Iwi participation in such processes - which we assume (although not stated in the SOI) covers Maori interests in commercial, recreational and customary fisheries - we would urge similar attention be accorded also to other sectors of the New Zealand community. The informed debate which would then ensue can only be of benefit to overall fisheries management outcomes.

Te Ohu, though, supports the idea of MFish applying a more strategic approach to working with Iwi, based on regional groupings. In our view, the most practical and sensible approach

would be for MFish to build on the groupings that have been formed for the purpose of establishing electoral colleges under the Maori Fisheries Act 2004 (MFA). In many cases, those groupings of Iwi are already working together on issues of common concern, including fisheries management.

In addition, we wish to reiterate a point we have made in many previous submissions, that it is important the Crown communicates and works with Iwi in a consistent manner, across all Crown agencies. With that in mind, we recommend that the Iwi organisations recognised under the MFA for fisheries purposes, and their consultative groupings in that Act, are the most appropriate place for MFish to start.

We do not suggest that, in taking such an approach, the interests of hapu and whanau should be overlooked. Rather, Iwi organisations should be responsible for ensuring that, where the Crown needs to address issues of significance to particular hapu or whanau, the relevant Crown agency is directed to the appropriate representatives. In our view, this approach creates incentives for Iwi, hapu and whanau to develop efficient and accountable systems to represent their interests.

ECO comment

We note the recognition in the documents of the need to improve relationships with non-commercial and non-harvesting stakeholders. We would like to underscore for the Ministry that the continued dismissal of our concerns both about the Ministry's attitude to the environment and its reckless disregard for the need to maintain fish stocks at the legal limits and to maintain environmental standards lie behind the poor relationships. It will only be when the Ministry acts to manage on an ecosystem based management basis, takes seriously the Purpose of the Act and its provisions and moves to provide statutory expression of the operation of the environmental and future regarding aspects of the Purpose that relationships will improve. We want to see rapid action to improve fish stocks and to reduce environmental damage. Blandishments and continued handing of power and control to the fishing industry will not achieve any improvements.

The Ministry speaks of establishing representative organisations to represent environmental concerns. We are representative organisations and we caution the Ministry against the establishment of GAENGOs (government appointed environmental NGOs) or CAENGOs (Corporate appointed environmental NGOs). We invite the Ministry to discuss any plans with our organisations early on.

The Ministry frequently refers to "user groups". We point out to you that there are many in-situ uses of fisheries and that the Ministry must get out of the mindset that only extractive users should be considered. We remind you again of the many submissions that we have made on this point and of the definition of Utilisation in the Fisheries Act, that it includes conservation and that the pursuit of social and cultural well being and non-market economic values are part of the requirement under the Purpose of the Act. You are not entitled to consider only harvest uses or to confine the notion of economic wellbeing to consideration only of harvest and/or market values.

In particular you suggest that with stock strategies there may be only one set of users – the commercial users. In no case will there be only one set of users. There will always be those with in situ uses and the associated economic, social and cultural values.

AFL comment

4 It has been suggested that more of a partnership approach be taken to the future development of stock strategies and fishery plans. AFL does not support such an approach. To do so would require the Ministry to assume the role of a stakeholder and stakeholders to assume the role of government both of which are impractical and illogical.

Each of the entities has very distinct responsibilities and accountabilities to very different masters. An attempt to have them working in partnership will naturally bring areas of tension where conflicting objectives arise.

A “partnership approach” naturally assumes that each party has matching “capacity and capability” to effectively participate in such an approach. AFL sees such an approach as inefficient and prefers an approach where there is;

- A. A shared understanding of core roles and responsibilities
- B. A shared understanding of requirements/criteria/processes and procedures
- C. A shared understanding that the best expertise can/would be brought together (not necessarily just from the Ministry or Stakeholders) to deliver optimum outcomes that have been identified by the “responsible” party to be achieved.

Finally the notion of partnership raises the question of who would adjudicate in the event of disagreements between the partners. AFL would regard any “re-politicisation” of commercial fisheries management as contrary to the Deed of Settlement.

14 AFL cautions the approach as outlined in this paper. Any attempt to encompass a wider range of stakeholder participation in the public management of fisheries where the participants are not required to face the fiscal cost of such input is fraught with danger and provides little or no incentives for efficient outcomes.

The potential cost for industry under such circumstances, as the only sector facing the direct cost of participation at these levels, is horrendous. The ministry provides no information on how these initiatives will be developed to ensure that the cost of participation does not outweigh the benefit of collective fisheries management.

AFL submits that the level of both Ministry and stakeholder competence required to deliver stock strategies and fisheries plans has been perhaps the single biggest constraint to moving forward. The introduction of the devolved framework in 1996 Fisheries Act exposed the weakness in both MFish and stakeholder fisheries management capabilities.

The Ministry cannot seek to improve this situation in isolation of other stakeholders. This is issue is perhaps the single biggest strategic challenge to fisheries management in New Zealand. AFL believes the introduction of an authoritative independent body, designed to produce sound management planning would better ensure success for the proposed framework and therefore lift the overall capacity through development programmes for key personnel

David Dannefaerd comment

It is time to review the total management structure of our fisheries to give all users of the resource a say in how allocations (quota's) compliance and management of the resource is made.

In the past commercial and customary groups have had the opportunity to be involved in management decisions but the recreational users of the resource have been severely restricted in their ability to participate for numerous reasons eg funding – no truly representative body to speak on their behalf at a national level etc.

The recreational sector is left with the feeling that the concerns that they do raise are not meaningfully considered or alternatively are totally ignored eg the kahawai debate, or on the local (Taranaki) scene where for many years we have lobbied for a reduction in the legal size limit on paua and finally an investigation supported our claims after a scientific study. MOF Policy Division apparently filed the question in the “too hard basket”.

Surely the Taranaki paua debate already meets the objectives of “stock analysis” “goals and objections” and as paua have been fished here since the earliest times the sustainability of the resource is proven, however the only legal take is under the customary right provision (it is well documented that a huge illegal take is made and still the resource is sustainable).

So the time is right for a review that will ensure all sectors have equal opportunity to participate and then when all view points and studies are considered that appropriate action to ensure a fair and equitable decision is implemented.

Ministry of Fisheries analysis

The Ministry agrees that improved relationships with commercial stakeholders are important. The revised SOI contains an intention to enhance the working relationship with SeaFIC and TOKM at a policy level.

The Ministry agrees with TOKM that effective engagement by stakeholders in fisheries management processes is important to improve fisheries management outcomes. The revised SOI proposes a number of initiatives to improve tangata whenua and stakeholder engagement.

The focus of the regional iwi forums is management of fisheries and the forums are established accordingly. This is not the primary focus of the electoral colleges established under the Maori Fisheries Act 2004. The Ministry consults with iwi in each region about the structure of the regional forums. In some cases, the regional iwi forums are similar in make up to the electoral colleges under the Maori Fisheries Act 2004.

The Fisheries Act 1996 requires the Minister to consult with persons or organisations representative of those with an interest in the stock or effects of fishing on the aquatic environment in the relevant area. The revised SOI indicates that, where such organisations exist, the Ministry will support their capacity to engage effectively in fisheries management. Where such organisations do not exist, the Ministry will support the establishment of representative stakeholder groups.

The Ministry agrees that non-extractive users of fisheries resources obtain value from fisheries resources. The SOI indicates an intention to explore options to provide for non-extractive uses of fisheries either within fisheries legislation or in other marine legislation.

The Ministry believes it is important to work collaboratively with all stakeholders in managing fisheries. There are opportunities for fisheries stakeholders to take more responsibility for their own use of fisheries resources but this does not reduce the importance of all stakeholders engaging effectively in management of fisheries.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the Ministry considers effective tangata whenua and stakeholder engagement in fisheries management to be important and that the revised SOI contains initiatives to improve engagement.

Issue 10 – Improving environmental performance

Output Class	N/A
Output	N/A
Draft SOI page no.	13
Page and paragraph number from stakeholder submission	SeaFIC Page 5; paras 28 – 29 Te Ohu Page 5 ECO Pages 1 – 2 AFL Page 8; para 15

Submission Details

SeaFIC comment

28 SeaFIC notes that the Ministry proposes to develop environmental standards or bottom lines in consultation with stakeholders. Given that many environmental initiatives are highly dependent on industry buy-in for implementation, the industry needs to be involved in the development of standards in more than simply a reactive role.

29 It is not clear how this work area relates to the draft Strategy for Managing the Environmental Effects of Fishing. SeaFIC provided substantial comments on this draft Strategy but we remain uncertain about its current fate or its relationship to initiatives discussed in the SOI (specifically stock strategies, standards, and the implementation of the Marine Protected Area Strategy). We recommend that these linkages be clarified.

Te Ohu comment

Te Ohu must sound a note of warning. The ambitious programme outlined in the SOI will come at a high cost. In considering the subject of environmental performance, officials need to be aware of such costs and of their effects on fisheries use. A balance must be maintained between the desire for a Rolls Royce standard of performance on environmental matters and the net value of the fisheries concerned. Lesser standards or requirements may be appropriate for smaller or lower value fisheries.

It would appear that MFish has now decided to move into the areas of *marine protected areas* and *environmental bottom lines* although proposals to include legislative provisions on each subject were specifically excluded from the Fisheries Act 1996 following extensive debate before the Select Committee considering that legislation in its Bill form.

The environmental obligations set out in the Fisheries Act differ from the drive to "protect representative areas". What is needed is a clear, rational assessment of the risks posed to the environment (including biodiversity) by fishing, rather than an ongoing desire to place an

increasing number of restrictions on the fishing sector without any rational basis. As always, key questions include:

- What is the acceptable level of protection?
- What is the acceptable scale and intensity of effects for different fisheries and types of environment?

Without this prior analysis and decision-making, any work programmes addressing environmental and biodiversity risks are operating in a vacuum. Optimal outcomes and balance will be impossible to achieve.

ECO comment

We support the flagged intention in the documents to pay more attention to the environmental impacts of fishing and the environmental performance of the fisheries sector. We submit that the money provided for this is substantially inadequate and that the institutional evolution proposed will prevent effective environmental management “to avoid, remedy or mitigate any adverse effects of fishing on the aquatic environment” (S 8).

In particular we note that the Strategy to Manage the Environmental Effects of Fishing has largely disappeared from view in the SOI and that the remnant of this, the idea of national level management plans in some instances does not deal with the local and regional effects of fishing or with impacts on particular but not national ecotypes.

AFL comment

15 It is perhaps here that we believe the whole framework may perhaps begin to lose focus on core objectives.

There would seem to be a shift from prescribing “**what**” has to be done to satisfy stock strategy requirements to one of “**how**” a stock strategy standard should be introduced into a fisheries plan. *“Implementation of the recently developed National Plan of Action for Seabirds will continue.....- designed to protect marine biodiversity through the use of a range of fisheries and non-fisheries measures to protect representative areas”* ? Such statements seem to reflect an “input based approach” rather than an “outcome strategy” based one.

Strategy is fundamentally “outcome focussed” and officials should be constantly checking everything against such.

Ministry of Fisheries analysis

The Ministry notes concerns of commercial stakeholders that:

- Managing the environmental effects of fishing has the potential to impose significant costs on extractive users,
- The focus should be on specifying what should be achieved, not how it should be achieved, and
- All management initiatives focused on improving environmental performance should be integrated and transparent.

The Ministry also notes ECO's continued concerns that insufficient resources are directed at addressing environmental effects of fishing.

The revised SOI signals an increased focus on improving the environmental performance of fisheries. It also states the Ministry's intention to develop an approach to fisheries management based on outcomes and standards, and objectives-based management including an assessment of risks and opportunities. These will see the Ministry and stakeholders working together to establish clear outcomes and standards for fisheries and the effects of fishing on the aquatic environment, and implementing measures to ensure the standards are met. This will include explicit consideration of the point at which an effect of fishing becomes adverse. Where practical, standards will be designed to provide flexibility in how the standard is met by managers of a fishery.

Recommendation

The Ministry of Fisheries recommends that you:

- a) Note that the revised SOI signals an increased focus on improving environmental performance and that the Ministry will work with stakeholders to determine relevant outcomes and standards.

Issue 11 – Improving industry economic performance

Output Class	N/A
Output	N/A
Draft SOI page no.	13 - 14
Page and paragraph number from stakeholder submission	SeaFIC Page 5, paras 30 - 33 Te Ohu Pages 5 – 6 AFL Page 8; para 16

Submission Details

SeaFIC comment

30 The SOI states (page 15) that MFish intends to develop a capacity in 2005/06 to “facilitate opportunities to improve economic performance of the New Zealand fisheries sector”. We note that this function will be undertaken from within the existing MFish resources.

31 As noted earlier in this submission, SeaFIC is supportive of initiatives to improve the economic performance of the sector, provided that they do not interfere with the clear delineation of roles between the Crown and the industry. We consider that appropriate roles for the Ministry in this respect are:

- facilitating a cross-government approach to the identification and removal of legislative and policy impediments for the sustainable development of fisheries and aquaculture;
- continued emphasis on increasing the efficiency and accountability of fisheries services provided by the government, and actively exploring opportunities for more efficient or effective service provision by external providers through more competitive or devolved services;
- protecting and maintaining the integrity of the fisheries management regime and the incentives provided by secure commercial harvest rights (e.g., in relation to spatial encroachments on the exercise of ITQ rights);
- protecting and maintaining the quality of the aquatic environment in support of sustainable extractive use (e.g., in relation to poor water quality affecting aquaculture activities);
- facilitating rights-holder responsibility for fisheries management within parameters set by the Crown through an agreed process;
- facilitating the implementation of the aquaculture law reform and working to ensure that the legislative framework is supportive of the sustainable development of aquaculture;

- international fisheries development initiatives, such as:
 - improving and securing access for New Zealand vessels in international fisheries (on the high seas and within other nations' EEZs, as appropriate);
 - facilitating effective industry involvement in regional fisheries management organisations; and
 - working with industry to improve and secure international market access for seafood products.

32 We emphasise that the involvement of the Ministry in international fisheries development initiatives should be undertaken in a joint capacity with the industry and would be interested in discussing with the Ministry how this relationship can best be achieved. We also note that SeaFIC has developed, on behalf of the industry, an Industry Development

33 Framework (IDF). The IDF contains recommended actions that are relevant to the Ministry's new economic development functions. We would welcome an opportunity to brief Ministry managers on the IDF and on how we might work together to implement some of the Crown-industry initiatives set out in the IDF.

Te Ohu comment

Te Ohu notes with interest the proposed new service designed to improve *industry economic performance*. In the absence of detailed information about the programme, however, there is a certain amount of scepticism about the proposal amongst industry members (including Te Ohu staff).

Over the past 20 years there have many Government programmes to *explore ... legislative and policy impediments for sustainable development*. The fishing industry has participated in most, if not all, such programmes and the industry people involved have regularly found the programmes to have "sunk without trace", often after the incurring of considerable cost in time and effort by non-Governmental participants.

In addition, the experience also has been that Crown regulation and cost impositions have continued and expanded apace over those 20 years and continue to do so. For example, despite the fact that the mainstay hoki TACC has been reduced by 1/3rd for the 2004/05 year and the \$NZ is at record highs in relation to the \$US, the various 2005/06 year consultation documents (including the associated Conservation Services Programme), still propose substantially increased activities, regulation, direct intervention and costs.

Te Ohu believes that any programme of the kind proposed in this section needs to be cognisant of all the pressures on the fishing industry, including those from Central and Local Government noted earlier (e.g the Marine Protected Areas policy, the continuing push for better environmental performance in the absence of clear performance standards and so on). We need to be convinced of the benefits of the proposed new economic service before supporting its establishment.

AFL comment

This is an interesting new concept put forward by the Ministry. For years industry has argued that the Ministry has failed to consider the economic consequences of management decisions or work with industry to identify and remove legislative and policy constraints to improve overall economic performance within sustainability guidelines.

There is a caution however that prior to implementation there should be an agreed approach to developing the terms of reference for such a group. This would ensure a better focus on key issues is maintained and the group does not expand beyond a set range of agreed boundaries.

We note that such a group is not envisaged to be part of the cost recovery framework? This would enforce the position outlined above by ensuring the Crown does not incur excessive costs for such a unit and industry at some later date is not imposed with the burden under the cost recovery framework.

Note: This is not an initiative that would be readily sought from industry.

Ministry of Fisheries analysis

The Ministry notes the views on its intention to facilitate opportunities to improve the economic performance of the New Zealand fisheries sector and, in particular, concerns that the costs of this work may be recovered from industry and that this initiative should not interfere with the delineation between the roles of the Crown and industry.

The Ministry's proposed involvement in facilitating opportunities to improve economic performance is part of a wider government initiative to improve economic performance of various sectors of the economy. The Ministry will work closely with industry to identify those areas where it can assist the industry most effectively, including coordinating with other relevant government agencies and discussing initiatives that are appropriate for central government involvement. The Ministry is aware of the importance of not compromising its regulatory role. It is not envisaged that the costs of the Ministry's policy engagement in the Government's economic develop initiative will be recovered from industry.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI states the Ministry's intention to facilitate opportunities to improve economic performance in the fisheries sector, and that it will work closely with the seafood industry and other government agencies to ensure that initiatives are targeted at areas where it can be most effective.

Issue 12 – Fisheries monitoring

Output Class	N/A
Output	N/A
Draft SOI page no.	14
Page and paragraph number from stakeholder submission	Te Ohu Page 6 AFL Page 8; para 17

Submission Details

Te Ohu comment

Such monitoring is already a function and responsibility of MFish and is already costed into Crown levies. Why are "new initiatives" now proposed with, undoubtedly, additional costs and staff?

AFL comment

Fisheries outcome monitoring – While such a move is to be applauded, unless the prescribed outcomes are objectively measurable then the assessment process will no doubt revert to a largely “subjective based” approach. We suggest that an independent assessment panel would enhance the robustness of the overall framework.

Performance monitoring – Once again the key to such an approach will be the ability to develop objective based targets for each of the key areas outlined and introduction of independent based final assessment.

Ministry of Fisheries analysis

The Ministry already undertakes monitoring at an operational level—including monitoring the state of fish stocks and trading in quota shares and ACE. However, the Ministry does not currently have a good system for monitoring and reporting on the implementation of management plans or the achievement of fisheries outcomes.

The increased focus on monitoring will complement the development and review, in collaboration with tangata whenua and stakeholders, of clear outcomes and standards for fisheries. The outcomes and standards will provide the basis for the monitoring and reporting.

While there may be merit in having an independent assessment panel involved in monitoring and assessment, significant improvements on existing practices can be made by collecting appropriate information on a regular basis and reporting this information to tangata whenua, stakeholders, and other interested parties. Considerable effort will be required to ensure that appropriate, objective indicators are identified and relevant information collected.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI states the Ministry's intention to improve the level of monitoring and reporting of fisheries at both an operational level and at the level of achievement of outcomes, and that this information will be available to all interested parties.

Issue 13 – Marine sector and wider Government initiatives

Output Class	N/A
Output	N/A
Draft SOI page no.	18
Page and paragraph number from stakeholder submission	AFL Page 10; para 18.5

Submission Details

AFL comment

While acknowledging government and therefore the Ministry has a wider overall role in contributing to “whole of government initiatives” we would prefer to see such involvement assessed against the prescribed set of key Ministry objectives.

Such an approach would ensure sound disciplines are applied around effective and efficient input into such forums.

Ministry of Fisheries analysis

The Ministry proposes to increase its focus on broader marine management initiatives for two reasons. First, the government has directed departments to work together in a more integrated manner to help achieve optimal outcomes for New Zealand. Second, the Ministry wants to ensure that broader government initiatives reflect the importance of the fisheries sector and avoid inappropriate reduction in value of using fisheries resources.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the revised SOI states the Ministry’s intention to increase its focus on broader marine management initiatives.

Issue 14 – Investing in the Ministry

Output Class	N/A
Output	N/A
Draft SOI page no.	20
Page and paragraph number from stakeholder submission	AFL Page 10; para 19

Submission Details

AFL comment

It is likely that the Ministry will receive a range of cynical responses to this section as it has heard these types of soundings many times before.

Despite this AFL is hopeful that this time stakeholders may see actual change take place. In order to strengthen/confirm its commitment to such a programme the Ministry should bring together an independent group (technical experts & stakeholders) who would seek to develop agreed objectives in these areas and undertake annual audit of performance.

The absence of independent assessment leaves the door open to criticism where the organisations designs (standards and specifications), implements the programme, and assesses self performance.

Such expenditure should only be justified if the investments can be directly linked to strategic direction. Only the section on information has sufficient explanation to support such expenditure.

The Nelson upgrade for instance seems to be inevitable yet nothing in the document shows the consideration or justification for retaining the offices or whether downsizing might be in order given the fundamental role of the Ministry should be reducing under a “stock strategy” approach.

AFL is always nervous when effective “wish lists” are created by the Ministry and put forward for government consideration. While the list outlines relative financial input as Crown \$12.3m and industry \$1.8m and notes “*it would be ambitious to expect that they will all pass through government*” industry has seen instances before where such lists have been easily accepted and where the greater levels of costs have been sheeted home to industry’s side of the ledger.

Once again the paper oozes with the hint of “expansion” within the Ministry all without, it would seem, efficiency and effectiveness benchmarking tests.

Once again we believe the document would be enhanced with more rigorous justification for proposed operational expansion against core objectives within the SOI.

Ministry of Fisheries analysis

As part of the New Zealand public service, the Ministry of Fisheries is required to maintain long-term capacity. This requires appropriate investment. The specific proposals in the draft SOI would have required new funding, which the Government has declined. Therefore, a reduced programme of investment in the Ministry, funded from within baseline, will be implemented in 2005/06.

The Ministry already consults with tangata whenua and stakeholders on proposed fisheries services and Parliament's Primary Production Committee monitors the performance of the Ministry annually. Stakeholder involvement in identifying appropriate performance indicators and in ongoing monitoring will help ensure transparency and objectivity.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that investment in the Ministry in 2005/06 will be from within baseline funding.

PROPOSED ADDITIONAL SERVICES FOR 2005/06

Issue 15 – Aquaculture settlement

Output Class	Aquaculture settlement
Output	Implementation of aquaculture settlement
Draft SOI page no.	23
Page and paragraph number from stakeholder submission	SeaFIC Page 7; para 39

Submission Details

SeaFIC comment

39 SeaFIC recommends that the Ministry's responsibilities for implementing the settlement provisions of the aquaculture law reform should be explicitly linked in the SOI with the new capability for facilitating sector economic development. In other words, the Ministry's responsibilities with respect to the settlement should be discharged in a manner which, so far as possible, enhances the overall economic performance of the aquaculture sector.

Ministry of Fisheries analysis

The Ministry's obligations are to give effect to the Maori Commercial Aquaculture Claims Settlement Act 2004 as enacted by Parliament. There are no discretions within the Act for the Ministry to consider the overall economic performance of the aquaculture sector when implementing the Act.

The Ministry does however recognise the importance of the aquaculture sector and initiatives are planned to assist the overall economic performance of the aquaculture sector.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the Ministry's obligations are to give effect to the Maori Commercial Aquaculture Claims Settlement Act 2004
- b) **Note** that there are no discretions within the Act for Ministry to consider the overall economic performance of the aquaculture sector when implementing the Act.

Issue 16 – Fisheries enforcement

Output Class	Fisheries enforcement
Output	Poaching and black market activities deterred
Draft SOI page no.	23 and 54
Page and paragraph number from stakeholder submission	SeaFIC page 7 para 40 Te Ohu 9

Submission Details

SeaFIC asks:

40 SeaFIC supports the development of a multi-agency approach to enforcement for rock lobster and paua, provided it does not detract from the “on-the-ground” presence of fisheries enforcement personnel. We note that the Joint Paua Compliance Working Group is developing recommendations for improved compliance initiatives for paua fisheries and that these recommendations may inform the compliance work programme for 2005/06.

Te Ohu comment

We note the new initiative proposed (but yet to be endorsed by Ministers) to address poaching and black market activities in the paua and rock lobster fisheries. We support the proposal in principle but have been provided with insufficient information in the SOI complex of documents to evaluate it in detail.

Ministry of Fisheries analysis

The Ministry has indicated in the revised Statement of Intent 2005/06 that it intends to make deterrence of Poaching and Black Market activities a priority and to this end additional funding has been sought to enable this to occur.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the Ministry has indicated in the revised SOI that it intends to make deterrence of poaching and black market activities a priority and that additional funding has been sought in the 2005 Budget to assist in this approach.

Issue 17 - International capability

Output Class	Fisheries policy
Output	International fisheries policy advice provided
Draft SOI page no.	23
Page and paragraph number from stakeholder submission	SeaFIC Page 7; para 41

Submission Details

41 SeaFIC supports this initiative and recommends that specific provision be made within this work programme to facilitate a joint approach with the industry.

Ministry of Fisheries analysis

The Ministry of Fisheries welcomes the support expressed by SeaFIC for enhancing the Ministry's capability to manage the increasing international dimension to its work, particularly in the South Pacific and in the establishment and servicing of regional fisheries management organisations.

Cooperation between the Ministry and fishing industry representatives on international fisheries issues has traditionally been good and the Ministry will be seeking to further enhance that cooperation in the future. Close collaboration with industry representatives and other stakeholders will be essential for the Ministry of Fisheries as we seek to take a leadership role in the development of a new regional fisheries management agreement for the south west Pacific Ocean.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the Ministry's response; and
- b) **Welcome** the comments from SeaFIC for this initiative and support the development of a joint approach with industry, and other stakeholders, to our work in the international arena – particularly around the establishment of a new regional fisheries management agreement for the south west Pacific Ocean.

Issue 18 - Infrastructure capability

Output Class	N/A
Output	N/A
Draft SOI page no.	23
Page and paragraph number from stakeholder submission	SeaFIC Page 8

Submission Details

SeaFIC comment

42 SeaFIC does not support the request for further funding for investment in MFish infrastructure (i.e., “realigning the Ministry’s information systems to support its core business”). The proposed new initiative should not require any additional funding. The items specified in Appendix 2 in respect of this initiative may well be new processes, but we assume that they replace existing MFish processes rather than being in addition to existing processes. It is our understanding that the stock strategies approach is intended to streamline Ministry operations rather than add new processes and costs into the core role of the Crown.

43 We also consider that the SOI provides inadequate justification for a 40% cost allocation to industry for this initiative.

Ministry of Fisheries analysis

This new initiative has not been supported in the Government’s 2005 Budget evaluation process and will not proceed, unless funding can be identified from within the Ministry’s current baseline..

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the new initiative proposal by the Ministry for additional funding to improve its infrastructure was not successful and that the initiative will not be proceeding in 2005/06, unless funding can be identified from within the Ministry’s current baseline.

Output Plan And Fisheries Services To Be Provided In 2005/06

Issue 19 – New Zealand fisheries policy advice

Output Class	Fisheries policy advice
Output	New Zealand fisheries policy advice
Draft SOI page no.	28 - 29
Page and paragraph number from stakeholder submission	SeaFIC page 8 paras 44-45 Te Ohu Page 6

Submission Details

SeaFIC comment

44 The first bullet point in the output description is “protecting the health of the aquatic environment”. SeaFIC notes that “protecting the health of the aquatic environment”, as an end in itself is not a valid function under the Fisheries Act. We suggest that this element of the output description should be reworded to be consistent with the Act, for example by focusing on policy frameworks to enhance the environmental performance of the fisheries sector or avoiding, remedying or mitigating any adverse effects of fishing.

45 As noted previously, the “expected results” in this output should include:

- a comprehensive review of the cost recovery rules; and
- development of a rights-based framework to improve the management of recreational fishing

Te Ohu comment

We have already commented earlier in this response on many of the proposed policy outcomes. The sketchy nature of the information provided in the Output Plan in such areas as

- *Refining the mechanisms used to allocate fishing rights between sectors;*
- *Improving engagement by sectors in management of fisheries;*
- *Improve the environmental performance of the fisheries sector; and*
- *Ensure an appropriate set of legislative and policy tools are available to add value to New Zealand fisheries*

are such as to render informed comment impossible. We will have to reserve judgment and adopt a "wait and see" stance.

Ministry of Fisheries analysis

The Ministry believes the use of the term *protection* is appropriate in the context of the overall fisheries outcome in the SOI and the first contributing outcome. The purpose of the Fisheries Act is to provide for utilisation while ensuring sustainability. The definitions of sustainability and utilisation contained in section 8 of the Act, and the environmental

principles contained in section 9, set out a number of obligations relating to the protection of the aquatic environment from adverse effects of fishing. While in the Act the term *protected* is used only in respect of habitat of particular significance for fisheries management, the dictionary meaning of the word *protection* is consistent with the various environmental obligations in the Act.

In respect of specific proposals from SeaFIC for policy initiatives, the SOI signals the Ministry's intention to review aspects of the cost recovery regime, based on the principles in s 262, and the intention to work towards better specifying fisheries rights so that fisheries stakeholders can more easily work together towards common objectives.

TOKM comments that too little information is provided on specific policy initiatives. The SOI indicates broad themes to be addressed. Where appropriate, there will be opportunity for tangata whenua and stakeholders to contribute to definition of more detailed outcomes for policy initiatives. The nature of policy analysis is that too-detailed specification of the outcomes of a project can pre-empt the analysis of options that needs to occur in the project.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the Ministry considers use of the term “protection” in the overall fisheries outcome and first contributing outcome is appropriate, and that the policy initiatives proposed by SeaFIC are included in the revised SOI.

Issue 20 – International fisheries policy advice

Output Class	Fisheries policy advice
Output	International fisheries policy advice
Draft SOI page no.	30
Page and paragraph number from stakeholder submission	SeaFIC Page 8; paras 46 - 47 PIC Page3 para 11

Submission Details

SeaFIC comment

46 The issue noted in our comments on the previous output description is also relevant for international fisheries policy. We do not consider it to be a function of the Ministry of Fisheries in international fora to be focused on protecting the health of the aquatic environment – except in so far as protection is directly related to the utilisation of fisheries resources.

47 The “explanation” of this output should also identify the need to work with the industry when promoting and protecting New Zealand’s fisheries interests.

PIC comment

11 Under Output: *International fisheries policy advice provided*, PIC would like to see the Ministry working urgently to get clauses in all Free trade Agreements (and in particular the FTA with China) to deem trade in smuggled seafood illegal. This is a critical choke point and could hugely reduce the demand for poached paua in China. The current situation is that poached paua having reached China is freely able to be traded and that just fuels demand. This is a one off opportunity and should be pursued vigorously.

Ministry of Fisheries analysis

SeaFIC

The Ministry of Fisheries contributes to and often leads New Zealand’s work within international fisheries governance frameworks (whether it be international treaties or regional fisheries management agreements) on negotiating and developing specific policies, procedures and practices to ensure long-term sustainability of fish stocks and to address the adverse environmental effects of fishing. These are requirements of current international fisheries law to which New Zealand has bound itself. In particular, the UN Fish Stocks Agreement requires States, in the context of the conservation and management of fish stocks on the high seas, to protect biodiversity in the marine environment and minimise impacts of fishing on associated and dependent species. These duties have been summarised in the SOI as a general requirement to protect the health of the aquatic environment, in the context of the Ministry’s international fisheries work.

The Ministry of Fisheries works closely with the fishing industry and other stakeholder groups as a matter of course when promoting and protecting New Zealand's fisheries interests. MFish does not consider specific mention needs to be made of this point in the explanation of this output.

PIC

The Ministry agrees with the comments of PIC that have identified the role Free Trade Agreements (FTAs) can play in reducing the black market trade in seafood. The Ministry has identified two specific fisheries objectives to pursue through the China FTA negotiations: tighter customs and trade controls that will reduce the demand for illegally caught paua; and improved access for New Zealand seafood product to the Chinese market.

In a wider context, the Ministry has capacity to provide fisheries specific input into a range of trade negotiations led by the Ministry of Foreign Affairs and Trade. This work includes input into FTA negotiations with a range of nations (including China, Chile, Singapore and ASEAN members), and negotiations through the World Trade Organisation on disciplines on fish subsidies. This input aims to provide outcomes from trade negotiations that will directly benefit the New Zealand seafood industry.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the comment made by SeaFIC questioning the focus of the Ministry on protecting the health of the aquatic environment in international fora. In the context of international fisheries, this objective encapsulates one of a number of duties that New Zealand has under international law and no change to the SOI is recommended.
- b) **Support** the submission made by the PIC, noting the inclusion of this as an area of focus within the Ministry's international fisheries work. No change to the SOI is recommended as this specific issue is encapsulated in the existing objectives of this output.

Issue 21 –Utilisation and sustainability of New Zealand’s fisheries resources measured

Output Class	Fisheries information
Output	Utilisation and sustainability of New Zealand’s fisheries resources measured
Draft SOI page no.	34 - 35
Page and paragraph number from stakeholder submission	SeaFIC Page 9; paras 48 - 50 Te Ohu Pages 6 – 8 AFL Page 8; para 18.1

Submission Details

SeaFIC comment

48 The cost of this output is \$25.030 million, of which \$16.993 million (that is 67%) is recovered from industry. This represents an increase over the 2004/05 SOI, which had total costs of \$22.887 million, of which the industry share was 64% at \$14.704 million. The output plan provides no valid explanation for the increased costs.

49 SeaFIC emphasises that the continuing upward trend in research costs is particularly worrying given the fact that MFish is aware of the financial constraints the industry is facing.

50 It is unclear why there is a discrepancy between the total research costs provided in this document: \$25.030 million in this output on page 35, but \$20.205 million in Table A illustrating the fiscal trend of MFish services (page 62).

Te Ohu comment

Comments on particular research projects of concern to Te Ohu are included later in this response. Our comments here are of a general nature.

Objectives and Priorities: Throughout the Science proposals there appears to be a distinct lack of guidance from clear management objectives for research in the various individual or groups of fisheries. As a result, either the "tried and true" has been continued or pet projects have again surfaced.

Te Ohu fully agrees with comments elsewhere in the SOI complex of documents that clear (and agreed) management objectives need to be established to guide and allow priority setting for the supporting science. The effects of lacking such objectives is becoming increasingly apparent and we would urge MFish to engage as soon as possible with the various fisheries sectors to establish such objectives.

A further problem in the Science sector has been a lack of guidance from the various stock assessment working groups on the information needs in the various fisheries. That role

appears to have been transferred to the various research planning groups, rather than such groups concentrating on longer term priority setting.

A review of the roles of the stock assessment and research planning groups to optimise the guidance available in identifying management information needs and research priorities may now be warranted.

Affordability: Throughout the research proposals there is a complete ignoring of the state of the commercial industry - falling TACCs, over-valued \$NZ, static market returns - and any assessment of the affordability of the proposals. It is clearly time for necessity and affordability to be included in the assessment criteria of research planning groups.

Aquatic Environment: Two or more years ago MFish and DoC signed a high-level Memorandum of Understanding intended to establish their departmental roles, responsibilities and work areas in the fields of environmental and protected species work under the Fisheries Act.

Unfortunately, that high-level agreement appears never to have been "operationalised", that is, converted into clear operational guidelines which can be applied by both departments in developing forward plans and research proposals. The result of that failure to "operationalise" the MoU became painfully clear in the seabird area during 2004 when DoC produced its CSP seabird project proposals and MFish's Aquatic Environment Working Group produced its Medium Term Research Plan and 2005/06 research proposals.

The degree of duplication was so extreme as to cause an uproar, a hasty withdrawal of both sets of research proposals, an inter-departmental rationalisation process and a re-presentation of a joint programme later in the year to the only available (but inappropriate) forum - the Technical Working Group for the NPOA on Seabirds. That re-presentation solved the immediate short term problem, but left unsettled many matters, and left all users completely confused as to where responsibilities lie.

The 2004 seabird snafu must never be repeated. It is now time for DoC and MFish to fully "operationalise" the MOU, publicise the results and provide clarity to all parties.

Public Interest/Public Good: We have commented above (under *Cost recovery*) on problems with the Fisheries (Cost Recovery) Rules not reflecting s.262 of the Fisheries Act. That failure is most apparent (in the Output Plan context) in the aquatic environment research proposals area.

It concerns us that in the area of aquatic environment research, the industry is levied for projects that should be funded on a public interest/public good basis. For example, we regard many of the projects put forward in this year's round to be baseline research that should be 100% Crown funded. We think this whole area requires closer scrutiny in accordance with the following guidelines:

- Fundamental baseline research is funded by the Crown. The results are available to the public and the Crown for use as the basis for managing the effects of multiple activities, not just those of the fishing industry;
- A process of establishing acceptable levels of impact should also be Crown funded, to enable management objectives to be established; and

- Research into mitigation approaches should be funded by industry.

AFL comment

The current research planning process is proposed to be retained. AFL questions whether as part of the overall refocus that a review of the current framework may not be in order. In particular the review should focus on the relationship/alignment of the current programme to the proposed stock strategy and fisheries planning framework. It is unclear how such a framework might change under a “stock strategy and Fisheries Planning framework. Clearly the drivers for information are substantially different in each case.

AFL notes the greater emphasis on identifying recreational harvest levels and acknowledges the approach is probably long overdue. However, we caution that the information gained is not used as a catalyst for knee jerk management reaction.

Ministry of Fisheries analysis

The Ministry notes the comments of Te Ohu and AFL on the use of management objectives to guide future research. As noted in the revised SOI, a collaborative approach will be taken to develop objectives-based management plans. These management plans will form the basis of Ministry advice to the Minister on management measures and fisheries services relevant to the fishery.

The Te Ohu comments on the aquatic environment are acknowledged. The Ministry will continue its efforts to work with DoC to achieve a greater degree of co-operation in this area.

Earlier in this response, the Ministry has acknowledged that aspects of the cost recovery regime should be reviewed, based on the current principles in s262. The revised SOI indicates the Ministry’s intention to undertake such a review. At this stage, the scope of the proposed review has yet to be developed but stakeholder views will be taken into account when the scope is determined. The process that will be used in the review has not been finalised. However, the industry clearly has a strong interest in any review of the cost recovery regime and the process will provide for participation by stakeholders.

The Ministry is cognisant of the economic situation being faced by the industry. Elsewhere in this document, the Ministry has indicated its intention to facilitate opportunities to improve the economic performance of the New Zealand fisheries sector.

However, it is necessary to maintain the operations of the Ministry and to ensure that research is done to enable future management decisions on TAC/TACC levels to be set using the most up-to-date information available. The Ministry does keep a very close scrutiny on its costs, and has proposed only high importance research projects for 2005/06.

The discrepancy noted by SeaFIC is because output costs include the allocation of Ministry overheads, whereas the table on page 61 of the draft document specifies the direct costs of research exclusive of overheads.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the Ministry's intention to adopt a collaborative approach to develop objectives based management plans that will form the basis of Ministry advice to the Minister on management measures and fisheries services relevant to the fishery.
- b) **Note** that the Ministry will continue its efforts to work with DoC to achieve a greater degree of co-operation in the aquatic environment area.
- c) **Note** that the Ministry is cognisant of the economic situation faced by the industry, but that it is necessary for the Ministry to maintain operations and to ensure that research is done to enable future management decisions on TAC/TACC levels to be set using the most up-to-date information available.
- d) **Note** that the costs of fisheries research services for 2005/06 are estimated to be of the order of

Issue 22 – Observer services

Output Class	N/A
Output	N/A
Draft SOI page no.	16 and 37
Page and paragraph number from stakeholder submission	SeaFIC page 7 paras 36 – 37 and page 9; paras 51 - 56 Te Ohu Page 8 AFL Page 9; para 18.2

Submission Details

SeaFIC comment

36 SeaFIC notes that all the priority areas identified for observer services relate to the delivery of the service rather than the strategic and management context within which observer services are delivered. We were under the impression that these wider issues were to be reviewed last year as part of the programme to improve accountability and transparency in this area of the Ministry’s operations – yet the initiatives undertaken to date (and specified in the SOI for 2005/06) still relate only to delivery of observer services by MFish.

37 SeaFIC considers that the true priority areas that need improvement in relation to observer services are:

- clear definition of the purpose of the services (e.g., collection of information on particular research questions, monitoring compliance etc);
- improvements to the process for specifying and purchasing observer services; and
- agreed standards for observer service provision so as to facilitate competitive provision of services.

51 The cost of this output has increased by almost 90% from the \$1.986 million in the 04/05 SOI to \$3.706 million. There is no explanation for this increase beyond the statement (page 34) that the increase “reflects the proposed Observer Delivery plan for 05/06, which has already been subject to consultation”. Observer services is one area of the Ministry’s operation that is noticeably not yet aligned with the “new approach” to fisheries management, in particular, the move to objectives-based fisheries management and increased transparency and accountability.

52 SeaFIC is concerned that the SOI provides insufficient information to explain the drivers behind these cost increases. It appears that a 27.5% increase in the number of observer days (from 7,250 to 9,245) has resulted in a 86.6% increase in costs. This implies that the cost per day has increased significantly. However, we have been unable to obtain any information on the elements that make up the cost per day. SeaFIC requested this

information in mid-January, again on 8 February, and repeated this request at an Observer Forum meeting on 9 February. We have yet to receive a response.

53 Without better information on the elements that make up the cost per day (and, in particular, the costs of the overheads that are added to the *actual* cost per day), proper consultation by the Ministry on this element of the SOI cannot be meaningful.

54 In the absence of information demonstrating otherwise, our concern is that the recent changes to the delivery of observer services, including additional management staff, additional administrative capacity, indications of a desire to develop an “internationally competitive” observer service and other service development initiatives, are serving to build a “gold-plated” observer capacity within the Ministry, paid for by the industry. The industry would only be comfortable with the Ministry taking such an approach if, prior to the building of the MFish Observer Business Unit:

- Clear standards were in place (set by the various purchasers of observer services) to define the actual services to be provided, so that we could be sure industry was paying for what is required for fisheries management purposes, rather than paying for a service delivered to some unspecified “world class” standard; and
- The provision of observer services is made contestable, so that cost-effectiveness becomes a genuine consideration in purchase decisions.

55 We recommend that making progress on these two pre-requisites should be the primary focus of improvements to observer services in 2005/06.

56 SeaFIC also questions why the observer services business unit has a separate budget if its services are all determined and purchased by other parties (e.g., MFish science, fisheries management, and compliance groups, DoC and industry). For example, we would have expected the budget for observer services required for particular research projects to be included in those research projects

Te Ohu comment

Te Ohu supports the questions raised by SeaFIC on the dramatic expansion of observer services proposed for the 2005/06 year, and of the cost of those services. In passing, we note that little of the increase appears to be attributable to DoC requests (refer to the 2005/06 draft CSP proposals).

AFL comment

AFL has a major problem with this area of output. We note that observer days have been increased from 7250 to 9245 (a 27% increase) resulting in increased costs from \$1.986 to \$3.706 (a 86.6 % increase) without explanation.

Such an approach flies in the face of “*Increase transparency by detailing management initiatives provided to each fishery and their costs*” one of the corner stone statements of the SOI. We do not believe the intent behind such a statement was to exclude the possibility of “justification for services”

Interestingly, given the proposed increased level of observer coverage there does not seem to be a corresponding reduction in enforcement costs.

Even worse the recent reduction in the Hoki TACC would suggest the number of required observer days would be reduced?

Ministry of Fisheries analysis

Ministry comment on SeaFIC and Te Ohu submissions

Excluding observer coverage required by International treaties, compliance and directly by industry, observer coverage requirements are determined by the Ministry's fisheries management programmes and Department of Conservation (DoC) protected species programmes. Stock assessment working groups are a key forum for determining data, and hence, observer coverage requirements. There is broad stakeholder representation on the stock assessments working groups, including SeaFIC. There is also a process, currently underway, for consultation on DoC's observer coverage plan.

In addition to the working group forum for discussing observer coverage, in September 2004 the Ministry convened the first meeting of the Observer Planning Forum. Its purpose is to:

- identify risks and opportunities facing the inter and intra year delivery of observer services as detailed in each year's Observer Services Delivery Plan;
- review and provide comment on forecasted requirements detailed in Observer Service Delivery Plans;
- assist with Industry consultation as specified in the "Principles for Management of under and over-recovery of Cost Recovery Levies"; and
- take into account stakeholder views in the Observer Programme 3-year forward plan.

The Forum is an additional opportunity for the Ministry to exchange information with stakeholders and for stakeholders to raise issues of concern in relation to observer coverage. A further meeting was held in February 2005 and the next one is proposed for August 2005.

As detailed in the Statement of Intent 2004/08 the planned expenditure for 2004/05 of \$1.986 million was based on the Ministry's baseline budget for observer services and observer services' share of Ministry overheads. It was also noted that the baseline budget had been fixed for several years, and was insufficient to sustain current levels of coverage, with the Ministry traditionally seeking the additional funding required to support the provision of observer services through Supplementary Estimates, once the extent of industry demand had become clear. The Ministry acknowledges that this practice is potentially confusing, and has determined that, from 2005/06, better estimates of the cost of observer services will be shown in the SOI.

In the 2004/05 SOI, the Ministry noted that the observer programme was likely to deliver about 7,000 sea days at an estimated cost of \$3.4 million, equating to an average daily cost of \$486. Following a reforecasting exercise undertaken in January 2005, the estimated coverage for the full year was reduced to 6,456 days, with total costs estimated at \$3.228 million, and an average daily rate of \$500.

The forecasted average cost per day of \$500 is comprised of:

- Direct expenses (observer wages, travel, training and related costs) \$370 (74% of total)
- Indirect expenses (Administration and development of the observer program) \$105 (21%)
- Cooperate overheads \$25 (5%)

The priorities for observer services in 2005/06 are to:

- deliver, to a high standard, the data required by clients by ensuring observers are trained and equipped as appropriate and there is clarity of understanding of clients' requirements. Key initiatives to support this priority include developing, with SITO, an NZQA recognised observer qualification, investigating the potential of an electronic data entry at sea capability and implementing Service Level Agreements with all clients.
- cost effectively deliver observer services by monitoring operating costs and investigating new technology opportunities, specifically the potential use of video technology, to replace human observation in some fisheries for some applications.

The draft SOI 2005/08 proposed observer services coverage in 2005/06 at an assessed cost of \$3.706 million. The programme suggested that a total of 9,245 days would be delivered. In the final SOI, the funding level of \$3.820 million includes the addition of the Seabird National Plan of Action new initiative first discussed in the 2002/03 SOI consultation process and ultimately approved in April 2004 by the Ministers of Fisheries and Conservation. At the average daily rate of \$500, the \$3.820 million will be sufficient to provide for an assessed 7,640 days of observer coverage.

The Ministry notes that consultation in the draft SOI was based on delivery of 9,250 observer days and if there is a need to provide additional observer days in 2005/06, the increased funding will be sought through the Supplementary Estimates process. The Ministry will also reassess the average daily rate at that stage.

Service Level Agreements will be established between Observer Services and clients, both within and outside the Ministry. The first of these agreements is well advanced and should be in place and operational in the last quarter of the 2004/05 year. Service Level Agreements will then be successively rolled out with all clients. The agreements will include detailed client specifications including sampling strategy, and data collection and reporting requirements. These specifications, and scheduled regular performance reviews, will ensure client data requirements are clearly understood and are the basis for planning and executing observer coverage.

Observer services will need to continue to budget for the provision of services for both internal and external clients to ensure the availability of the necessary observer resources. External clients are charged directly for the provision of observer services with costs recovered from the charging of external clients being netted of the levy charged to the industry.

The legal framework exists, under the Fisheries Act 1996, for the outsourcing of observer services. The Act also requires the Chief Executive to go through a rigorous assessment process before services are outsourced. There are no plans to outsource observer services.

Ministry comment on AFL submission

Provision has been made in the proposed 2005/06 observer coverage plan for 100 days of observer coverage for the Ministry's compliance functions. This is the same number of days as forecasted for 2004/05 and proposed for 2006/07 and 2007/08. None of the increase in proposed observer coverage therefore relates to compliance requirements.

The Hoki stock assessment program is a long-standing programme. In order to maintain the same level of confidence in the Hoki stock assessment data, it is necessary to continue current levels of observer coverage for the foreseeable future. Data requirements are reviewed by the Hoki Working Group which includes stakeholder representation.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the comments from submitters; and the Ministry response.

Issue 23 – New Zealand fisheries utilisation and sustainability reported

Output Class	Fisheries management
Output	New Zealand fisheries utilisation and sustainability reported
Draft SOI page no.	41 - 42
Page and paragraph number from stakeholder submission	SeaFIC Page 10; para 57 Te Ohu Page 8

Submission Details

SeaFIC comment

57 SeaFIC recommends that the “expected results” should have specified timeframes. It would be very useful if these reports were provided in a timeframe that would give the industry some certainty before the start of the fishing year (i.e. TAC/TACC set and advised in a more timely fashion).

Te Ohu comment

We note that no deadlines for completion of Ministerial advice on utilisation and sustainability are included in the Output Plan. That omission is regrettable as it provides no measure for assessing MFish's effectiveness.

Te Ohu's predecessor organisation - the Treaty of Waitangi Fisheries Commission - regularly complained of the unwarranted delays in obtaining and gazetting Ministerial decisions in the sustainability area, with gazetted results rarely being available until the last Gazettes in March or September. Such delays, of course, seriously impacted in the past on the use by Maori of their fisheries access under the 1989 Interim and 1992 Final Settlements.

The lack of completion dates in the 2005/06 Output Plan leads Te Ohu to fear the worst - that decisions will, once again, not be available one month before the start of the 2005 fishing years.

Stock strategies: We also note the wording on p.41, that *stock strategies will continue to be developed in accordance with the stock strategy project plan*. The first involvement any industry group had in the whole concept of stock strategies commenced when the current consultation document (due for response on 21 February 2005) was issued. That document clearly indicates the stock strategy proposal is just that - a proposal being consulted on - and that no final decisions on progress down the stock strategy path have been taken.

Yet the 2005/06 Output Plan (p.41) clearly indicates not only that MFish has already developed a project plan for implementation of stock strategies, but also implies that implementation of that plan is already underway. Te Ohu would suggest that MFish again review the decision of the Court on the requirements for valid consultation.

Ministry of Fisheries analysis

The first issue relates to the timing of utilisation and sustainability advice provided to the Minister, and the resulting interval between the Minister's decision and the beginning of the fishing year.

The Ministry initiates the process that provides advice to the Minister as early as possible. Planning begins at or before final science information is available or complete, and as the fishery assessment working groups are meeting to provide their input. As soon as all the relevant information is available, and the plenary has had opportunity to finalise its work, Initial Position Papers are written, and are provided to all stakeholders as early as possible. A reasonable time for consultation is provided, whereupon final advice is drafted for the Minister.

The Ministry endeavours to run processes that result in the Minister making sustainability decisions at least one month before the start of the fishing year. However, we note that in some instances, given the timing of relevant science inputs and the statutory obligation to consult on an initial position, final decisions are unavoidably made close to the start of the fishing year. In such cases MFish will discuss the rationale for this timing with relevant stakeholders and seek their comment.

The second issue relates to the apparent intent to implement a project plan whilst simultaneously consulting on the merits of that same plan.

The stock strategy project is a proposal that was consulted on with stakeholders, and no final decisions on the project or its timing have been taken. For planning purposes, to prepare Ministry personnel and structures for this new approach, a project plan was developed that would lead to five additional strategies to further refine the concept. That plan would be modified as required by consultation. Indeed, the stock strategy/fish plan approach (and hence the project plan) is being revised following further development of the underlying ideas and mechanisms, and input from stakeholders.

Recommendation

The Ministry of Fisheries recommends that you:

- (a) **Note** the Ministry's intention to discuss the rationale for the timing of its sustainability processes with relevant stakeholders and seek their comment on possible future approaches.
- (b) **Note** the Ministry's rationale for the development of the project plan for the stock strategy/fish plan approach and the continuing requirement for input from stakeholders to that approach.

Issue 24 – Deed of Settlement Implemented

Output Class	Fisheries management
Output	Deed of settlement implemented
Draft SOI page no.	43
Page and paragraph number from stakeholder submission	Te Ohu Page 8

Submission Details

Te Ohu comment

Te Ohu has commented in past years on our dissatisfaction over the faults in the Customary Fishing Regulations, the consequential failure by Iwi to either accept or implement those Regulations, and the failure of enforcement of the Reg.27 constraints.

Certainly some progress in addressing those problems has been made in the past 12 months and it is pleasing to see MFish is proposing to continue its efforts during the 2005/06 year. We have made some suggestions (see under *Improved stakeholder participation* above) to assist MFish in its interactions with Iwi, hapu and whanau and will be happy to discuss those suggestions further at an appropriate time.

As we see it, duplication of contact and interaction systems by Te Ohu and MFish is both unnecessary and a waste of resources. Using an existing, legislated, framework which Iwi are already turning to for inter-iwi fisheries discussions (at the urging of Te Ohu) makes eminent sense for MFish to us.

Ministry of Fisheries analysis

The comments from Te Ohu are noted.

The Ministry will approach Te Ohu to discuss further what opportunities might exist to leverage off the existing models.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the Ministry's intention to approach Te Ohu to discuss their offer of assistance in the Ministry's interactions on fisheries issues with Iwi, hapu and whānau.

Issue 25 – Cost recovery process managed

Output Class	Fisheries management
Output	Cost recovery process managed
Draft SOI page no.	44
Page and paragraph number from stakeholder submission	Te Ohu Page 9 NZ Aquaculture Council Page 1

Submission Details

Te Ohu comment

Except for the Rules problems, Te Ohu is comfortable with the approach now applied by MFish and proposed to be followed again in the 2005/06 year.

We are, though, still very uncomfortable at the extraordinarily high level of overheads in the MFish system which are on-charged to the industry. To us, that overhead loading is contrary to the principle behind s.262 of the Fisheries Act -that costs should be identified to and charged against the generator of those costs. In our view, MFish needs to justify all its on-charged services (including overheads) in terms of s.262. If it cannot do so, s.262(b) would seem to apply.

NZ Aquaculture Council comment

- We note that the year had started with an Annual Charge of \$185.01 per consent (by some 1250 consents is ~\$232,000+gst). We note that the 1 April order is to be \$164.16 + gst (~\$205k) for the annual charge. Presumably there will be a credit there. We ask for a closer involvement in advance, with how these costs/charges within Aquaculture are to be budgeted and allocated, plus a clear consideration of any overs and unders.
- We note that the functions of MFish re Aquaculture are in a state of flux. We suggest that the currently separate systems of cost recovery for services that are either; provided by Cost-Recovery or by Transaction charge funding, especially with the move to a single class of consents called authorisations, be reviewed with a view to establishing a coordinated system. Ability to allocate charges per authorisation or per farm-consent or per ha all need consideration.
- We note that MFish will be quite unlikely to charge in future for research on marine farming altho DOC may well still have that intention. 'Fair cost recovery' of such DOC research could be quite problematic if there was not a capacity for targeted-per-ha cost recovery from the Aquaculture Sector.

Commendable; We commend MFish for reviewing the hourly rate and the rationalisation of the hourly rate of \$202 per hour downwards by ~ 1/3.

Ministry of Fisheries analysis

Indirect costs

The Ministry operates in a challenging environment and is faced with price increases it must absorb while continuing to maintain levels of service. The Ministry works hard to ensure the gross amount charged to the commercial seafood sector does not increase without justification.

In 2003/04, the Ministry introduced a revised costing methodology, which was designed to allocate Ministry costs and overheads on a more accurate basis. The Ministry's output costing methodology, which is based on a cascade of input costs to outputs required by the Minister (Frontline Activities), is illustrated in the diagram at figure 1.

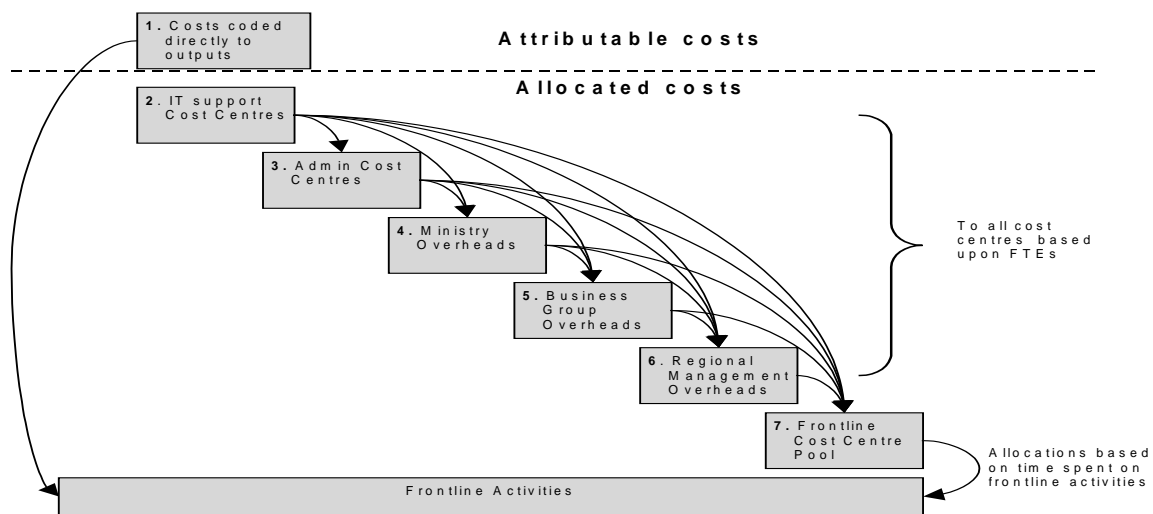


Fig. 1

Looking at the cascade model at figure 1 it can be seen that:

- Costs are first pooled to cost centres
- Cost centre pools are then allocated to outputs based on the proportion of hours that cost centres record against each output

Therefore, the allocation of indirect costs is a mixture of two allocation methods:

- i) Allocation to cost centres - where support groups (ie Admin, Legal, ITC, Finance and HR) are allocated to cost centres; and
- ii) Allocations to activity - where frontline cost centre pools are allocated to outputs

There are two drivers for the allocation of costs:

- i) FTEs for allocating support costs to cost centres and;
- ii) Hours recorded in the Ministry's time recording system for allocating front line cost centres to activities.

This approach ensures that the appropriate amount of overhead costs are attributed to all outputs, regardless of whether they are cost recovered or not.

Work is currently underway to review the Ministry's existing finance framework and systems in an effort to further refine the way the Ministry manages its costs.

To maintain its position as a leader in fisheries management regimes, New Zealand needs to continually enhance all aspects of the QMS from improved stakeholder participation through to improved information for scientific research and increased ability to monitor and detect illegal fishing activity. It is inevitable that some of these activities will impact on the costs to be recovered from the commercial fishing industry, but in those areas where the Ministry is improving information about sustainability levels or is safeguarding individual property rights through the detection of those involved in illegal activity, it is not unreasonable that the industry should share some of the cost burden.

The Ministry disagrees that indirect costs are specifically contemplated in the cost recovery principles, rather that the costs of providing services are inclusive of overheads. Section 3 of the Fisheries (Cost Recovery) Rules 2001 defines 'costs' as being inclusive of both direct and indirect costs. In terms of the Public Finance Act 1989 ' "cost" means the full cost of producing outputs measured in accrual accounting terms; and includes the full allocation of overhead and non-cash costs'.

The Public Finance Act 2004 goes further, stating that "output expenses":

- (a) includes the full cost of producing and supplying outputs measured in accrual accounting terms; and
- (b) includes the full allocation of overhead costs

Accordingly, the Ministry believes that the treatment of overheads in the total cost of services provided is in accordance with the principles of s.262 of the Fisheries Act 1996 and the Public Finance Act 1989 and 2004.

Aquaculture levies

The annual cost recovery levies allow for the recovery of the costs of providing fisheries services and conservation services. When new information becomes available during the financial year, which affects the levies, they are amended to ensure that they are based on the most accurate information available.

The 1 April 2005 amendment to the 2004/05 cost recovery levies includes adjustments for:

- Changes in catch limits for quota species approved by the Minister of Fisheries in September 2004;
- Introduction of new species into the Quota Management System;
- Inclusion of revised or final contract prices for some fisheries research projects;
- Deleted/withdrawn research projects;
- Adjustments for under and over recovery of cost recovery levies for the 2003/04 financial year.

The 1 April 2005 amending cost recovery levy orders were gazetted on Thursday 24 February 2005, and come into effect on 1 April 2005.

It should be noted that the final levy rates applicable from 1 April 2005 to 30 September 2005 are an average of what was planned to be collected for the period 1 October 2004 to 31 March 2005, and what is now required to be collected for the balance of the 04/05 fishing year (1 April 2005 – 30 September 2005), in order to collect over the course of the year the revised final allocations. The revised allocations reflect the decisions discussed above. As the aquaculture levies are invoiced annually at the beginning of the fishing year, any ‘over-recovery’ will be considered as part of the 2004/05 under and over recovery revenue analysis.

The Ministry makes every effort to consult as widely as possible on both the 1 October and amending levy orders. The NZ Aquaculture Council was included in the consultation round for 1 October 2004 and 1 April 2005 cost recovery levy consultation and will continue to be included in future consultation rounds.

The Ministry notes the concerns expressed by the NZ Aquaculture Council in relation to both the allocation of costs based on authorisations, and species specific (targeted) aquaculture research. These issues are being considered as part of a Ministry project to review the existing cost recovery framework and the Fisheries (Cost Recovery) Rules 2001.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the concerns expressed by industry and the Ministry analysis

Issue 26 – Registry services managed

Output Class	Fisheries management
Output	Registry services managed
Draft SOI page no.	46 - 47
Page and paragraph number from stakeholder submission	SeaFIC Page 10; paras 58 – 59 Te Ohu Page 9 Area 2 Page 2 NZ Aquaculture Council Page 1

Submission Details

SeaFIC comment

58 While the cost of this output has decreased by \$888,000 from last year’s SOI, the overall cost raises a question of overheads. The description of this output states that it is the “delivery and monitoring of contracted and devolved registry services to ensure consistency and compliance with standards and specifications”.

59 The delivery of registry services is carried out by FishServe, which leaves MFish with “monitoring” of the services, for which it seems to charge in the region of \$1.8 million (30% of the total cost). SeaFIC recommends that the Ministry should reconsider whether this level of expenditure is required to monitor contracted and devolved services that are described on page 19 of the SOI as being extremely satisfactory

Te Ohu comment

Like SeaFIC, we are completely bemused at the cost MFish claims for "monitoring" registry functions undertaken by FishServe. We request a full justification of the charges under this output.

Area 2 comment

Area 2 would like to see a full explanation of why so much funding is required to monitor Fishserve.

NZAC comment

We note the commitment that the implementation of the reforms is at the Crown/MFish’s cost.

We thank MFish for its engagement with our industry to work thru the details of how best to implement the details of the reforms re such matters as Registry and also on Reporting/Record-Keeping issues.

We note in particular that our industry is currently contemplating whether we should seek that the Aquaculture Registry should best be kept under MFish (who have done an excellent job) or under another agency, such as FishServe. We are in dialogue with MFish (NB Dave ODea) on that and we request that MFish progress its current work on reforming the Register with these issues in mind.

Ministry of Fisheries analysis

The Ministry acknowledges the comments from stakeholders. This output is not particularly well described. It relates to more than the delivery and monitoring of contracted and devolved services.

The output covers the following activities:

- the establishment and maintenance of rules, processes and decisions on quota allocation processes;
- monitoring the performance of FishServe in the operation of both contracted and devolved services; and
- QMS data management (i.e. enabling the Ministry to monitor data received from commercial fishers and to enable that information to be available for other fisheries management and compliance purposes).

Activities delivered through this output provide all stakeholders with an assurance that the administration of the QMS, the allocation of species into the QMS and the administrative of the registry provisions supporting the aquaculture reforms are delivered to legal and/or contracted standards. Additionally this output ensures that Ministry Fisheries Managers and enforcement staff have access to up to date information from the commercial fishing industry.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the activities covered by this output.
- b) **Note** that this explanation will be incorporated into the revised SOI.

Issue 27 – Fisheries Enforcement – Performance standards

Output Class	Fisheries enforcement
Output	Commercial fishing rules enforced
Draft SOI page no.	50
Page and paragraph number from stakeholder submission	SeaFIC Page 10, paras 60 - 61 Te Ohu Page 9 PIC Page2; paras 6 – 10 AFL Page 9; para 18.3

Submission Details

SeaFIC comment

60 In line with our comments on previous SOIs, SeaFIC finds it impossible to comment on this output because of the lack of information on the services to be provided, the performance standards, and the fisheries management objectives to which the services are intended to contribute. As with observer services, this is an output that is not yet aligned with the increased transparency and accountability required of the new approach to fisheries management.

61 We note and support two initiatives which we anticipate will improve accountability and transparency in this significant area of expenditure. These are:

- the establishment of a Joint Strategic Working Group on Compliance between the industry and the Crown; and
- the development of an objective-based approach to fisheries management (as outlined in the Stock Strategies consultation document) so as to better specify the compliance services required to support the management objectives in particular fisheries.

Te Ohu comment

The industry has been demanding for many years now accountability for the very large sums already spent on fisheries enforcement, substantial amounts of which are recovered from the industry. That accountability is still missing and again is not included in the 2005/06 Output Plan. It should be.

PIC comment

6 PIC fully supports the new initiatives in Fisheries Enforcement, but the current way MFish Compliance operates must change. Real goals and targets must be set and met. For example, a good target would be for 90% compliance with recreational fishing rules. Similar

goals and targets would need to be set for black market and poaching, customary, commercial etc. These would be reported on annually and the public of New Zealand could gain some confidence that their fisheries were being protected and at least a portion of their taxes were spent usefully.

7 PIC would like to see some significant changes in the culture of the compliance managers. We are of the view that the top tiers of compliance management remain deeply entrenched in a pre QMS mindset that all commercial fishers are fish thieves. Additionally, these managers latch onto dubious snippets of ‘intelligence’, allow themselves to be blinded by misanalysis and launch ill-conceived operations on the commercial sector. This is neither efficient nor effective use of scarce compliance resources.

8 PIC is fully committed to eliminate IUU fishing in the paua sector and wishes to work collaboratively with MFish Compliance at all levels. While the joint paua compliance working group has come up with some good strategies to combat IUU fishing, relationships at national level have not greatly improved with ingrained views of each other unfortunately remaining intact.

9 Despite repeated submissions from the PAUA 2 Industry Association, transparency and accountability in Compliance is still not forthcoming. The Compliance Unit is still permitted to operate as a secret walled city, impervious to even requests from MFish science managers requiring figures for IUU fishing so as to be taken into account for TACC setting.

10 The paua industry has campaigned for some time to have the constraint of compliance funding being isolated in specific silos (Commercial rules enforced, Poaching and Black Market etc.) lifted so that compliance effort could be targeted where the need was the greatest (e.g. Poaching and Black Market). We are now dismayed to learn that the Poaching and Black-Market budget has been considerably under spent! We believe this not only reinforces our view that senior compliance managers are stuck in a 1980’s (commercially hostile) time warp but shows a serious lack of commitment to fisheries compliance full stop.

AFL comment

The opening statement in this section “*To achieve cost effective fisheries management, we aim to achieve optimal levels of compliance with fisheries rules*” unfortunately misses the fundamental requirement of “cost effectiveness” that is the associated **cost benefit** analysis or **efficiency** critique.

The reality is the cost of achieving “optimal” levels of compliance may, by default, in the absence of robust cost benefit critique work against achieving cost efficient fisheries management.

Industry has continued to argue against an unabated growth in compliance/enforcement effort within the Ministry. The SOI outlines a range of new initiatives that may seem perfectly plausible. Unfortunately nothing in the document shows how the Ministry might review the usefulness of current approaches against the proposed new direction.

We would argue that the inability to apply efficiency checks and balances within this division, even through accredited external agencies, flies in the face of one of the SOI’s core statements “*Increase transparency by detailing management initiatives provided to each*

fishery and their costs”.

We believe the signalling of a substantial review would enhance the “intent” contained in the SOI.

Ministry of Fisheries analysis

As noted on page 18 of the 2005/06 SOI, the Ministry will establish in collaboration with industry a Compliance Committee to resolve generic Compliance issues.

In addition the Ministry will develop (in collaboration with fisheries stakeholder representatives) a national enforcement strategy as a means to increasing transparency.

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** that the Ministry intends to establish in collaboration with industry a Compliance Committee to resolve generic compliance issues.
- b) **Note** that, in collaboration with fisheries stakeholder representatives, the Ministry will develop a national enforcement strategy as a means to increasing transparency.

Issue 28 – Comment on overall service provision

Output Class	All
Output	All
Draft SOI page no.	N/A
Page and paragraph number from stakeholder submission	AFL Page 11; para 21

Submission Details

As stated through out this paper AFL is becoming increasingly concerned at the unabated growth in Ministry delivery/funding requirements. While in the most part this has not resulted in increased industry contributions the potential for cost transfer still exists.

Schedule A (attached) outlines the comparative changes in overall budget between

- 2003/04 to 04/05
- 2004/05 to 05/06
- 2003/04 to 05/06

The table shows an increase in Ministry budget/expenditure of \$68.8m in 2003/04 to the proposed \$78.4m for 2005/06 potentially rising, depending on the view of government this could rise to \$92.6m with additional services.

Even if government chooses not to support all the “additional” funding requests a 13.97% expenditure increase over two years is unacceptable and would not be tolerated in the private sector.

Schedule B (attached) outlines the change in Ministry expenditure between 1992, 1996 and 2005/06. The reduction from 1992 to 1996 can be directly attributed to the Industry pressure for institutional reform when cost recovery was introduced at the time. However, since then it would seem there has been substantial growth in the Ministry’s operating budget.

Such a situation cannot continue under an objective performance system using efficiency/effectiveness targets as its goal.

It will be crucial to ensure that stakeholders can achieve optimal benefit of management decisions by not being constrained to single service provider (i.e the Ministry). A key success measure would see increased levels of direct stakeholder service provision and a subsequent decline in the resources needed to support the Ministry’s strategy.

Schedule A

Comparison Ministry Costs (2003/04 to 2005/06)

Output class	2003/04	2004/05	2005/06	%change 03/04 to 04/05	%change 04/05 to 05/06	%change 03/04 to 05/06
Policy Advice	5,162	4,130	5,644	-19.99%	36.66%	9.34%
Fishery Information Fisheries Management	23,030	27,314	33,657	18.60%	23.22%	46.14%
Fisheries Enforcement	17,928	19,700	20,828	9.88%	5.73%	16.18%
Aquaculture Settlement	22,689	25,339	30,671	11.68%	21.04%	35.18%
			1,835			
Total (Maximum)	68,809	76,483	92,635	11.15%	21.12%	34.63%
Output class	2003/04	2004/05	2005/06	%change 03/04 to 04/05	%change 04/05 to 05/06	%change 03/04 to 05/06
Proposed						
Additional						
Aquaculture			1,835			
Enforcement			5,328			
International						
Capability			1,079			
Infrastructure						
Capability			125			
Ross Sea			2,000			
Sector Management			717			
Observer services			1,778			
legal expenses			1,351			
Sub Total			14,213			
Total 1 (Minimum)	68,809	76,483	78,422	11.15%	2.54%	13.97%
(If government rejects all the “proposed)						

Schedule B

Comparison of Ministry costs for the years

- 1992
- 1996
- 2005/6 (proposed)

Output class	1992 Actuals	1996 Actuals	2005/06 Budget
Policy Advice	26,201	7,095	5,644
Fishery Information			33,657
Fisheries Management	16,461	10,253	20,828
Fisheries Enforcement	13,431	13,947	30,671
Prosecution of Offences		1,900	
Aquaculture Settlement			1,835
Research	2,000	19,447	
Contract Management		781	
Administration of Crown Receipts		1,407	
Total (Maximum)	58,093	52,642	92,635
Proposed Additional			
Aquaculture			1,835
Enforcement			5,328
International Capability			1,079
Infrastructure Capability			125
Ross Sea			2,000
Sector Management			717
Observer services			1,778
legal expenses			1,351
Sub Total			14,213
Total 1 (Minimum)			78,422
(If government rejects all			

Ministry of Fisheries analysis

In the period from 1996 to 2005/06, the Ministry has received funding for a number of new initiatives to cover:

- increased policy capability;
- increasing the levels of fisheries research in order to maintain the information base required to set appropriate TAC/TACC levels;
- introduction of new species into the quota management system;
- the full implementation of the Fisheries Act 1996;
- implementation of the Fisheries Deed of Settlement;
- initiatives related to the development of New Zealand's Biodiversity Strategy

- increased resourcing the Serious Offences Unit;
- implementation of the policy related to aquaculture reforms;
- implementation of customary fishing regulations;
- New Zealand’s international obligations.

Each of these is directly related to the Ministry outcome of “maximising the value New Zealanders obtain through the use of sustainable fisheries resources and protection of the aquatic environment”.

Although all have some benefit for the commercial sector, by no means are all cost recovered. The attached table shows that the increase in expenditure has had very little impact on cost recovery, with cost recovery levies being relatively constant over the last five years (all figures are in \$million).

Recommendation

The Ministry of Fisheries recommends that you:

- a) **Note** the reasons for the increase in funding in Vote: Fisheries over the last few years;
- b) **Note** that, despite these increases, the impact on cost recovery has been limited, with cost recovery levies being relatively constant over the last five years.

	2001/02	2002/03	2003/04	2004/05
Planned MFish Department Costs				
- Monitoring harvest levels	0.6	0.4	0	0
- Observer services provided in response to requests by the Ministry	1.3	1.4	1.4	2.0
- Statutory decision processes administered	0.0	0.5	1.3	0.6
- Registry services managed	5.6	6.7	6.7	6.6
- Commercial fishing rules enforced	7.2	7.4	7.4	8.5
- Other	1.8	0.0	0.0	0.0
Total Planned MFish Dept Costs	16.5	16.4	16.8	17.7
Planned MFish Research Costs	14.1	16.0	15.2	13.3
Planned Recovery for Fisheries Services	30.6	32.4	32.0	31.0
Planned MFish Transaction fees relating to Industry requests for services	1.1	1.1	1.7	2.3
Total MFish recovery for services provided	31.7	33.5	33.7	33.3
Planned Recovery for Conservation Services	1.6	2.8	2.1	1.5
Total Crown recovery for levies and fees	33.3	36.3	35.8	34.8
Net historic settlement credit applied			-15.2	-6.0
Net annual under and over recovery applied			-1.6	-0.2
Net Planned Levies	32.2	35.2	17.2	26.3
Actual levies charged after amendment Orders	31.2	33.5	8.1	26.6*
* before any amending order expected 1 April 2005 for actual TACC decisions and latest research costs, and includes \$300K deferred levies for highly seasonal stocks from 03/04				