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Dear Brian

**Submission on Draft Statement of Intent for 2005/08 and Stock Strategies Documents:**

This document comprises the response of Aotearoa Fisheries Limited to the consultation documents issued by the Ministry of Fisheries on 10 December 2004.

**Executive Summary;**

Aotearoa Fisheries Ltd (AFL) believes the Ministry has taken an innovative approach to further the development of fisheries management within New Zealand by placing the documents out for consultation and feedback.

**Key areas of comment:**

**1. Move to strategically position the future focus of the Ministry;**

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.

**2. Lack of clarity regarding integration of a Stock Strategy with Fishery Plans.**

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**

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.

### **4. No Partnership**

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.

draft

## Draft Statement of Intent for 2005/08 (Specific Comments)

### 1. *Why Fisheries Must Be Managed (P5)*

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)*

1<sup>st</sup> paragraph refers to other parts of the world and should be removed.

2<sup>nd</sup> paragraph should be cut and pasted between the 1<sup>st</sup> and 2<sup>nd</sup> 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.

## **5. New Zealand Fisheries Management – Continued (p.8)**

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.

## **7. Fisheries Outcomes/Policy (P.10)**

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?

## **8. Fisheries Management (10)**

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.

## **9. Rights Framework (p.10)**

Agree

## **10 Operational Standards (P11)**

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.

## 11 Fisheries Plans and Stock Strategies (P.11 & 12)

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*

**10. Information principles – All persons exercising or performing functions duties and powers .....shall 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.

### **13 Cost Recovery (P12)**

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.

### **14. Improved stakeholder participation (p13)**

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

## **15. Improving Environmental Performance (p13)**

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.

## **16. Improving industry economic performance (p13)**

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.

## **17. Fisheries Monitoring (P14)**

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.

## **18. Policy and Service Priorities (p15)**

### 18.1 Science:

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.

### 18.2 Observers: (p16)

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?

### 18.3 Fisheries Enforcement (p17)

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.

#### 18.4 Registry Services (p17)

Agree

#### 18.5 Marine Sector and Wider Government Initiatives (p18)

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.

### **19. Investing in the Ministry (p20)**

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.

#### 19.1 Ongoing investments

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.

### **20. Proposed Additional Services (p23)**

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.

## **21. Comment on overall service provision.**

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.

End

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## Schedule A

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

<b>Output class</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>%change 03/04 to 04/05</b>	<b>%change 04/05 to 05/076</b>	<b>%change 03/04 to 05/06</b>
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			
<b>Total (Maximum)</b>	<b>68,809</b>	<b>76,483</b>	<b>92,635</b>	<b>11.15%</b>	<b>21.12%</b>	<b>34.63%</b>
<b>Output class</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>%change 03/04 to 04/05</b>	<b>%change 04/05 to 05/076</b>	<b>%change 03/04 to 05/06</b>
<b>Proposed Additional Aquaculture Enforcement International Capability Infrastructure Capability Ross Sea Sector Management Observer services legal expenses Sub Total</b>			<b>1,835 5,328  1,079  125 2,000 717 1,778 1,351 14,213</b>			
<b>Total 1 (Minimum) (If government rejects all the “proposed)</b>	<b>68,809</b>	<b>76,483</b>	<b>78,422</b>	<b>11.15%</b>	<b>2.54%</b>	<b>13.97%</b>

## Schedule B

### Comparison of Ministry costs for the years

- 1992
- 1996
- 1995/6 (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	
<b>Total (Maximum)</b>	<b>58,093</b>	<b>52,642</b>	<b>92,635</b>
<b>Proposed Additional</b>			
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
<b>Sub Total</b>			<b>14,213</b>
<b>Total 1 (Minimum)</b>			<b>78,422</b>
(If government rejects all			