

**CONTEXT DOCUMENT  
TO ASSIST IN THE CONSULTATION ON THE  
PROPOSED FISHERIES SERVICES FOR 2006/07**



**MINISTRY OF FISHERIES  
Te Tautiaki i nga tini a Tangaroa**

*Maximise the value New Zealanders obtain through the  
sustainable use of fishery resources and protection of the  
aquatic environment*

January 2006

## New Zealand fisheries at a glance

NZ Marine Fisheries Waters (EEZ and Territorial Sea)	4.4 million km <sup>2</sup>
NZ Coastline	15,000 km
Marine species described <sup>1</sup>	8,000
Species commercially fished	130
Productivity of the fishery	Medium
Ecosystems	Diverse
Climate	Sub-tropical to sub-Antarctic

### *Quota Management System stocks*

Number of species/species complexes in the QMS	93
Individual stocks in the QMS	550
Information available on stock status <sup>2</sup>	60-70%
Stocks at or near target level <sup>3</sup>	80%

### *Customary Fisheries*

Temporary closures	6
Taiapure-local fisheries	7
Mātaitai reserves	5
Tangata Tiaki appointed (South Island)	131
Tangata Kaitiaki appointed (North Island)	148

### *Recreational Fisheries<sup>4</sup>*

Estimated participation (as a % of the population)	20%
Estimated annual take	25,000 tonnes

### *Commercial Fisheries and Aquaculture*

Total catch 1 October 2003 to 30 September 2004	609,500 tonnes
Marine farming area (approved sites)	10,750 hectares
Total export value 2004 (FOB)	1.3 billion
Capture fisheries	\$1.0 billion
Aquaculture	\$300 million
Direct subsidies	Nil
Fisheries management costs to be recovered from industry (04/05) <sup>5</sup>	\$28 million
Total quota value <sup>6</sup>	\$3.5 billion
Persons with quota holding	2,200
Commercial fishing vessels	1,502
Processors and Licensed Fish Receivers	239
Direct employment (Full time equivalents) <sup>7</sup>	10,500
Direct and Indirect employment (Full time equivalents)	26,000

### **Ministry of Fisheries**

Staff at June 2005	370
Budget 2005/06 (excl GST)	\$85.7 million
Net Assets	\$9.5 million

<sup>1</sup> NZ Biodiversity Strategy, 2000

<sup>2</sup> Percentage of stocks calculated by weight and value

<sup>3</sup> Of the stocks for which we have information for current stock size, 80% are at or near target levels. For the remainder of those stocks, rebuild strategies are in place.

<sup>4</sup> 1999/00 Survey of Recreational Fishing

<sup>5</sup> Includes the 1 April 2005 Amendment Order and transaction charges

<sup>6</sup> Statistics New Zealand. Fish monetary stock accounts. Calculated on basis of average quota trade price x TACC.

<sup>7</sup> McDermott Fairgray Group, 2000, Economic impact assessment for NZ regions. Prepared for the NZ Seafood Industry Council

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## GLOSSARY

**ACE:** Annual Catch Entitlement. An entitlement to harvest a quantity of fish, aquatic life, seaweed or other stock, taken in accordance with a fishing permit and any conditions and limitations imposed by or under the Fisheries Act 1996.

**Aquatic environment:** The natural and biological resources comprising any aquatic ecosystem and including all aquatic life and the oceans, seas, coastal areas, intertidal areas, estuaries, rivers, lakes and other places where aquatic life exists.

**Fisheries plan:** A plan approved by the Minister of Fisheries under section 11A of the Fisheries Act 1996. Fisheries plans specify what the government, tangata whenua, and stakeholders want to achieve for specific fisheries (the objectives), and associated implementation strategies and services (including research, regulations, and compliance) to achieve the objectives.

**Fisheries stakeholders** are those groups who derive value from the use of fisheries resources or have a strong interest in the sustainable utilisation of fisheries resources, and includes commercial and recreational fishers, and environmental interests.

**Kaitiaki:** means a person appointed under the customary fishing regulations who can authorise customary non-commercial food gathering. The term includes Tangata Tiaki/Kaitiaki under the Fisheries (South Island Customary Fishing) Regulations 1995, and Tangata Kaitiaki/Tiaki under the Fisheries (Kaimoana Customary Fishing) Regulations 1998.

**Mātaitai reserve:** An identified traditional fishing ground established as a reserve under either the Fisheries (Kaimoana Customary Fishing) Regulations 1998 or the Fisheries (South Island Customary Fishing) Regulations 1999. A mātaitai reserve may be managed by tangata whenua for non-commercial purposes, through bylaws approved by the Minister.

**Outcome:**

A desirable future condition of all or part of the social or physical environment towards which fisheries management effort is directed.

**Pou Hononga:** Relationship managers appointed to improve the Ministry's formal relationships with Māori based on the Crown's obligations under the Deed of Settlement and Treaty of Waitangi settlements.

**RFMO:** *Regional Fisheries Management Organisation* is the term used to describe multi-lateral organisations with responsibility for coordinating management of highly migratory fish stocks and fish stocks that straddle national fisheries management boundaries

**Tangata whenua:** in relation to a particular area, means the hapu, or iwi, that is Māori and holds mana whenua (customary authority) over that area.

**Standard:** A level of performance required to be achieved by fishers or fisheries managers.

**Statement of Intent (SOI):** The SOI sets out the vision and strategic direction for the department over the next five years and what is to be achieved in the coming year.

***Taiapure:*** Taiapure/local fisheries are established under Part IX of the Fisheries Act 1996, where a committee nominated by the local Māori community may recommend the making of regulations to manage all types of fishing.

***Taonga:*** Treasures

## CONTEXT

### *A valuable resource*

New Zealand's fisheries and aquatic environment are national *taonga*. They represent a valuable source of cultural, social, economic and environmental well-being for the nation.

Fisheries and the aquatic environment require careful stewardship to ensure their value is maintained for current and future generations. In many parts of the world overfishing has depleted fish stocks, and the aquatic environment has been damaged by use of inappropriate fishing methods. Internationally, fishery managers face common challenges in their attempts to manage fisheries sustainably. These include conflict over allocation between users, too many fishing vessels, increasing demand for fish and fish products, imprecise and expensive stock assessment methods, changing environmental conditions, incomplete monitoring, and, in many fisheries, high levels of non-compliance with fisheries rules.

Fisheries resources must be shared among those who derive legitimate value from them—including customary, recreational, and commercial fishers, and non-extractive users such as people who enjoy observing fish in their natural environment or people who value knowing that our fisheries and aquatic environment are in good health. Those who have the right to use fisheries resources also have responsibilities. Responsibilities include using fisheries in a sustainable manner, protecting the aquatic environment, and taking only their share of the available yield. Fisheries in international waters and those that straddle or move between different national jurisdictions present the additional challenge of sharing resources between fishers from different countries. Current generations must also share fisheries resources with future generations since some adverse effects of fishing may only be reversible over a number of human generations.

### *The last 30 years*

Management of New Zealand fisheries has changed greatly in the last 30 years. The main changes have been designed to avoid overfishing, improve efficiency, increase the value obtained from fisheries, and address concerns about Māori fishing rights.

The key developments have been:

- In 1978 New Zealand established its Exclusive Economic Zone (EEZ), from which time it assumed management control of all fishing in the EEZ. New Zealand was at the forefront of development of the United Nations Convention on the Law of the Sea, under which it was possible to establish a 200 nautical mile EEZ.
- In 1986 the Quota Management System (QMS) was established and applied to manage most major New Zealand fisheries. Under the QMS individual transferable quotas are used to allocate commercial fishing rights.
- In 1992 Māori fishing claims arising from the Treaty of Waitangi were settled. The settlement provided Māori a stake in New Zealand's fishing industry and provided for ongoing non-commercial customary fishing rights.

- In 1994 a comprehensive cost recovery programme was implemented requiring the commercial sector to pay the costs of the services that support their fishing and aquaculture activities.
- Since 1999 there has been provision for approved service providers to supply specified fisheries services required by government. Consistent with this approach, registry services have been provided by an industry-owned company, Commercial Fisheries Services Ltd (*FishServe*) since 2001.
- In 2004 a number of amendments to the RMA and the Fisheries Act concluded a substantial reform of aquaculture management. In addition to settling Maori claims in relation to customary aquaculture rights, the reforms enable the creation of Aquaculture Management Areas, and define the permissible impact of aquaculture on fishing.
- By October 2005 most significant fisheries had been introduced into the QMS, with nearly 60 species brought in since 2001. Species comprising 95% of the total commercial harvest are now managed in the QMS.
- In 2005 the Government approved a Strategy for managing the environmental effects of fishing. It is currently being implemented, and provides a framework for setting standards in relation to the adverse impacts of fishing on the aquatic environment. Specific rules, especially relating to fishing methods, will be put in place to ensure that the standards are met.
- In 2005 the Government approved a Marine Protected Areas strategy designed to ensure the maintenance of biodiversity across the range of New Zealand's ocean habitats
- In 2005, the Minister of Fisheries approved a fisheries plan framework, to enable the Ministry co-ordinated development of management objectives for fisheries.

### ***Operating environment***

Fisheries management in New Zealand deals with a resource that is ecologically, socially, culturally and economically important to the country as a whole. It:

- Acknowledges the customary use and management rights of tangata whenua
- Reflects the fact that, as an island nation and signatory to the United Nations Convention on the Law of the Sea, we have international obligations relating to fisheries in New Zealand waters and in the high seas
- Deals with the underlying tensions between groups interested in fishing and those groups concerned primarily with conservation and protection of aquatic resources.

Fisheries management relates to the relationship New Zealanders have with the ocean and their environment, and their aspirations for the future of that environment. The fisheries sector is characterised by tension between various participants who have competing values and objectives. The sector has also been at the forefront of innovation and change, with considerable ongoing legislative amendment.

Five particular factors impact on the operating environment:

- Divergent views on the long-term direction of oceans and fisheries management
- Different views on appropriate access to fisheries for recreational, customary and commercial fishers
- Users of fisheries having firm views on fisheries management and not being reluctant to make those views known, including through the courts and the political system
- Lack of public awareness and understanding of fisheries management resulting in ill-informed debate and lower than desired public support
- The Ministry, tangata whenua, and stakeholders have insufficient capability, capacity, and information to optimise management of fisheries.

## ***MANAGEMENT OF NEW ZEALAND'S FISHERIES RESOURCE***

Fisheries, both worldwide and here in New Zealand, present a particular need for management. Approaches to fisheries management continue to evolve as understanding of the marine environment increases and attitudes change. There is growing recognition of the significant effects on the aquatic environment that fishing can cause. The Ministry is responding by increasing its focus on assessing and managing the environmental effects of fisheries. So what is the fundamental 'fisheries problem' and what tools or instruments are available to help manage the situation?

### ***The common pool resource problem***

Fisheries are a common pool natural resource. This means that a single agent does not exclusively control them and as access to these resources is not restricted, they can be exploited on a first-come first-served basis.

The common pool nature of fisheries most often results in inappropriate investment. The profits and other benefits that can be achieved from harvesting fish attract fishers to the fishery, and there is little incentive for fishers to restrain their use of the fishery since they know that another fisher will take the fish if they were to leave it in the water.

Where the demand for fish exceeds the productivity of the fishery, unmanaged fisheries usually become uneconomic and overfished because too many fishers harvest too much from the fishery. Overall returns from the fishery decline as the fish population is changed to a less-than-optimum state and returns are dissipated over a large number of fishers. Over-investment in catching and processing capacity then occurs as fishers try to secure a greater share of the available catch. When the productivity of a fishery declines, the over-investment is wasted and there may be considerable social dislocation when employment in the fishery declines. The value from fisheries obtained by customary and recreational fishers also declines and benefits are dissipated.

Overfishing may result in long-term adverse effects to both fish populations and the environment within which they live. History records many examples of overfished and uneconomic fisheries resulting from a lack of effective management. There is under-investment in fisheries research, management, and compliance because fishers are unable to capture the benefits that would result from investing in these areas. The poor economic state of many fisheries is also the reason for the high level of government subsidies common in fisheries in many countries.

### ***The fisheries management response***

Fisheries management responds to the common pool resource problem by applying a range of measures to control fishing activities and limit the adverse effects of those activities. Each management measure has advantages and disadvantages and may be more or less suitable for use in a particular situation and for use in combination with other measures. Each fisheries management system comprises different combinations of these measures, and the combination usually changes over time. New Zealand's fisheries management system uses a combination of input controls, output controls, property rights and economic instruments.

The action of setting management measures involves attempting to balance competing demands for access to the fisheries resource. In many cases, the information on the state of the resource may be poor or incomplete, and there may be little, or conflicting, information about current fishing activity, and demand, among various sectors. The government presently makes most of the fisheries management decisions, at both the level of setting overall policy frameworks and standards, and at the level of specific sustainability measures. While it is consistent with the government's core role to continue to set the standards that fisheries managers must meet, it considers that there are significant advantages in increasing the management role of stakeholders, particularly at the level of managing particular fisheries.

The principal advantage of such increased accountability is the opportunity it provides for greater levels of information, at less cost, to be utilised by stakeholders, to support management decisions. Much of this information is not available to government, or not without considerable cost. This should increase the level of understanding, and acceptance, of specific management measures, by all users. Changing the balance of management accountability between the government and stakeholders will be a gradual process, which can occur at a pace dictated by sector capacity, and the development of suitable processes and systems.

### ***Input and output controls***

Fisheries management measures are typically classified as either input or output controls. Input and output controls represent two fundamentally different approaches to fisheries management. The 1986 introduction of the QMS for most of New Zealand's major fisheries involved a shift away from an input control based management regime, to one based on output controls, economic instruments and property rights.

In an input control based system, the total catch of a species is not controlled directly, but is influenced by controlling the amount and type of fishing activity that is permitted. Examples of this type of input control include limits on fishing effort expressed in terms of number and size of vessels, number of fishing days, and number of pots/hooks/tows, and prohibiting the use of certain fishing methods. The purpose is to make it more difficult (and expensive) to catch the target species, thereby reducing the incentive to fish. Use of input controls for this purpose has been referred to as 'regulated inefficiency' and in most fisheries yields poor economic results. Fishers have strong incentives to improve catches by enhancing the unregulated components of their fishing operations (engine horsepower or winch size). This encourages inefficient investment, and the resulting increase in fishing effort requires the imposition of additional and/or more restrictive controls on fishing operations in order to limit catches. In some fisheries where the number of days on which fishing may occur is the primary management control, fishing capacity has increased to the point where the annual catch is taken in a matter of a few days—clearly an inefficient use of capital.

Some input controls are designed to protect specific habitats, non-target species, or particular stages of the target species' life cycle (juveniles or egg-bearing animals). Input controls are often used to achieve this type of protection even in fishery management systems based on output controls. This type of input control is usually spatially based and examples include closed areas, closed seasons, method restrictions, minimum legal sizes, and minimum escape gap requirements.

Mandatory input controls can provide a mechanism for implementing and enforcing existing best practice in managing fisheries. However, by effectively outlawing any alternative practices that might be employed to the same end, they can stifle innovation. As such they are not consistent with desired outcomes.

In a system based on output controls, the maximum amount of a species that can be taken from a specified area within a specified period is determined and fishers are restricted from taking any more than this. Output controls are used primarily for restricting the catch of target species, although they have also been used to limit the catch of particular non-target species and have some potential to address other environmental impacts of fishing. Provided the appropriate catch limit for a species can be determined and enforced, this type of control can be effective in achieving sustainable management. However, even where output controls are the primary means of limiting harvest, the manner in which the harvesting is undertaken is usually controlled to some extent by input controls. The nature of some environmental externalities means they are difficult to address using output controls – ie need to use input/regulatory tools.

### ***Economic instruments***

Economic instruments can also be used to influence fishing activities. They have frequently been used in a way that promotes excess fishing (via subsidies) but they can be used to promote desirable fishing activities.

Economists have proposed that a tax on catches could be used instead of input or output controls to limit the harvest of target species to sustainable levels. However, the differences in economic performance of different fishing operations in the same fishery means that it is difficult to determine an appropriate tax rate to achieve the desired catch level. Increasing efficiency on the part of fishing operations would necessitate an increasing tax rate. This method has proved politically unacceptable in many countries—not surprising since many countries still subsidise their fishing industries.

In New Zealand, financial disincentives are used to discourage fishers taking catch, but only catch in excess of their catch entitlement for stocks in the QMS. Economic instruments could be used in a similar manner to manage the effects of fishing on non-target stocks and habitats, although they are currently not used for this purpose in New Zealand.

### ***Fisheries property rights***

In New Zealand fisheries property rights have been allocated and are used in conjunction with the instruments described above. By a property right, we mean a long-term right of access to a portion of the fishery, that is certain, divisible, tradeable, and can be the subject of legal enforcement.

There are two main benefits from property rights.

- They provide incentives for improved management and husbandry.

If the property right is of sufficient certainty and duration, it can provide an incentive for the holder of the right to invest in the fishery, secure in the knowledge that the benefits that will flow from the investment can be captured by the future exercise of the right. Investment can

take the form of improved compliance, improved yield (via enhancement), or specialisation and innovation in harvesting and processing. The incentives for such investment are strongest where there are clear criteria for determining how the future benefits of current investment will be shared, and those criteria are consistently applied. Given the common pool nature of fisheries resources, the criteria must encompass all those who might be in a position to obtain a future benefit (commercial, recreational and customary fishers).

- They provide an efficient means of allocation.

A rights-holder in the commercial sector, who, having invested in the fishery, wishes to take advantage of that investment, can do so by trading (selling) the right to another. The market for the property right allows for both efficient entry to and exit from that portion of the fishery; and for those decisions to be based on the likely value that can be obtained from it. This means that there is no need for a manager to have to make a decision on who should be entitled to participate in the fishery, as is the case with licensed access. The tendency of licensing systems to encourage lobbying and litigation, without necessarily encouraging efficient use of the resource, is the background to the poor management results from many overseas fisheries.

### ***Future development of fisheries rights***

Fisheries property rights currently provide rights holders with some control over the utilisation of their proportion of the annual catch but little control over policies and management measures applied to the fishery. The government defines the nature and extent of the right and the mechanism by which rights are initially allocated. It also determines the boundaries of the fishery right and the rules within which the right may be exercised. There may be provision for rights holders to provide input to the government's determination of these rules—along with other interested parties—with the government making the final decisions.

Fishery rights can be defined to give rights holders the opportunity to influence policy and management measures associated with the use of the fisheries resource—in addition to the right to harvest a proportion of the total catch from a fishery, a fisheries right. This management component of the right could be exercised through governance frameworks specifying the scope of management measures delegated to rights holders as a whole and the extent of each individual rights holder's influence over the setting of management measures. Instead of fisheries rights entitling the owner to a share of the harvest from a fishery, future fisheries rights may instead be a right to influence management through an organisation delegated the right to manage specified aspects of the fisheries resource. There is increasing discussion of the utility of such models in the commercial sector. Such a model could provide advantages by enabling improved decisions about maximising value while operating within environmental and allocation constraints set by government.

While markets provide for efficient allocation within the commercial sector, and there is potential for further gain through collective decision-making, other legitimate fishery participants (customary Maori and recreational) operate under different access arrangements. This means that the transfer of rights to those who value the rights most can occur within the commercial sector, but cannot occur between sectors across the whole fishery. Instead, the government must allocate between sectors but is not well placed to maximise value across the fishery because it has insufficient knowledge to support decisions on optimum allocation. It

is difficult to envisage, in the foreseeable future, that an efficient market mechanism could be created to allow individual trading of benefits of widely differing character, such as across the commercial, recreational and customary fishing sectors. However, improved specification of desired outcomes from fisheries, better definition of respective rights, and greater certainty over allocation of catching rights between sectors could increase incentives for rights holders to constructively engage in fisheries management and invest in fisheries so as to maximise value.

## ***MANAGING FOR OUTCOMES***

The preceding section outlined the necessity for fisheries management, if the full potential of fisheries resources is to be realised. It showed that the natural (unconstrained) tendency of individuals to make their own decisions on how value can be obtained from fisheries resources tends to lead to an overall loss of value. Conversely, the actions of individuals or groups to maximise value, to themselves, within appropriate limits, can ensure that the best overall value is obtained from the resource. A key purpose of fisheries management therefore, is to establish constraints and incentives for fishers, which will operate to co-ordinate or guide their activities in ways that will achieve desirable social, economic and environmental outcomes. The uncertainties about ecosystem processes, the degree to which fishers react to incentives, and restrictions on management resources mean that the management system has both to provide an appropriate degree of certainty, and to be able to change in the light of new information. It must also operate in a way that is accepted by all stakeholders as being effective and reasonable.

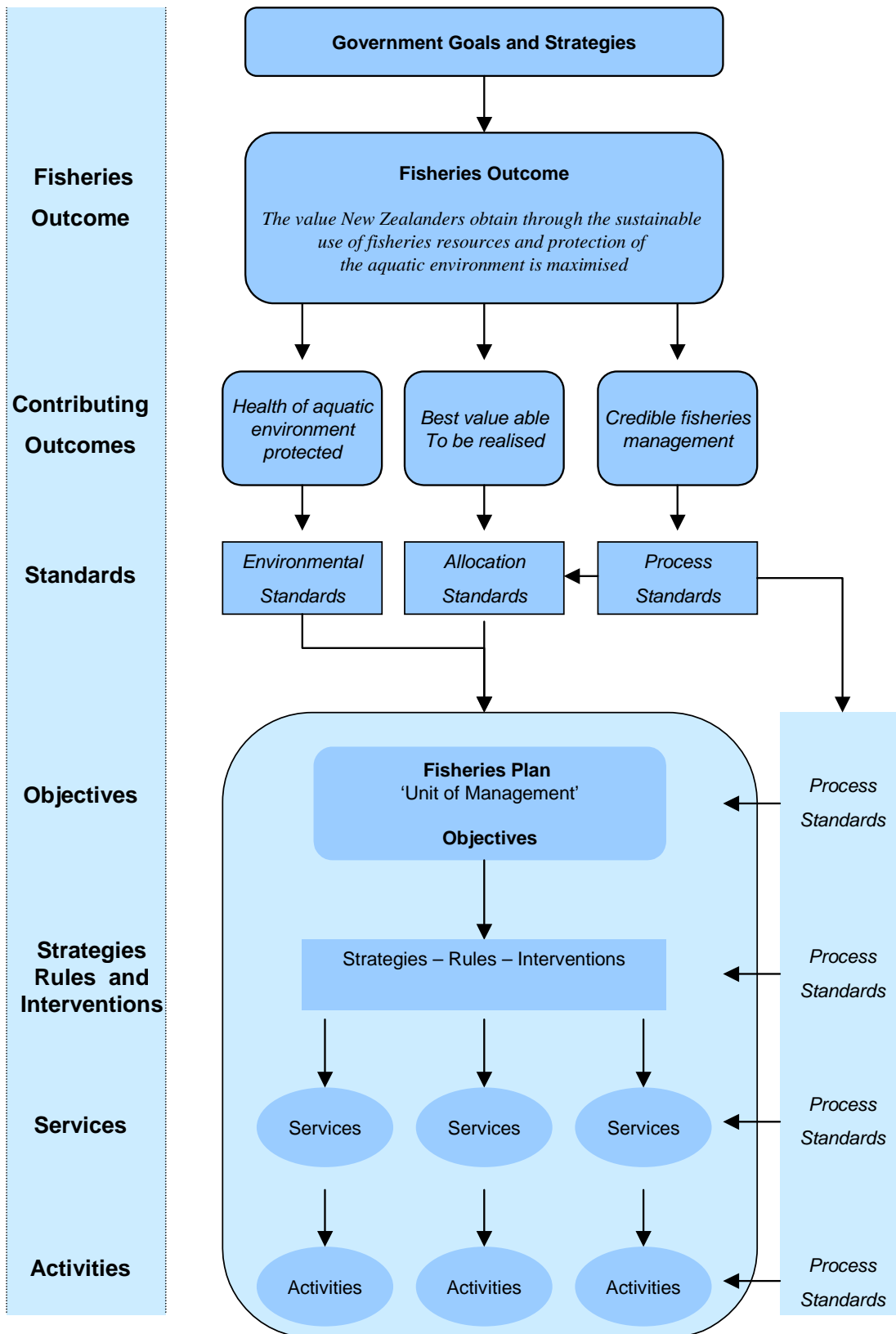
A key part of the Ministry's approach to achieving such a management system is the use of an "outcomes" framework. This framework provides a means of setting out the results that are desired from the management process, as well as demonstrating how particular incentives, management interventions, and fisheries services, are considered to contribute to achieving those results. It provides a means by which the respective contributions of fishers and managers to both the overall, and fishery specific, outcomes, can be set out, as well as the transparent and principled allocation of management resources.

When using the outcomes framework and objectives-based management, the Ministry must clearly operate within the wider context of public service conduct and its legal, international and Maori obligations. These include:

- Fisheries Act 1996
- Treaty of Waitangi (Fisheries Claims) Settlement Act 1992
- Maori Commercial Aquaculture Claims Settlement Act 2004
- Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977
- State Sector Act 1988
- Public Finance Act 1989

The basic features of the outcomes framework are set out in the following diagram.

# Managing for Outcomes



### ***Features of the outcomes framework***

The framework operates by setting up a “hierarchy” of outcomes that need to be achieved if the overall fishery outcome is to be attained. The primary purpose of setting up these layers or levels of outcome, is to enable the range of management issues to be addressed in a sequence, and at a level, that provides the greatest flexibility for fisher initiative, while ensuring that necessary constraints are adhered to. This is achieved by establishing the major or essential outcomes first, and then defining in increasing detail, the results that must be produced by both fishers and managers, to achieve those outcomes. To achieve that end, the framework establishes outcomes at decreasing levels of scale, both in terms of time and in terms of activities and fisheries resources.

At the top of the hierarchy, the outcome statements tend to be general, and wide in scope, at the bottom they tend to be specific and related to particular services or activities. The major outcomes are in effect the public policy goals from fisheries management, and the lower layers provide the focus for specific manager, and fisher, activity. Thus while higher level outcomes might describe results to be achieved from total fisheries resources, intermediate level standards and objectives will focus on one or more parts of the total, and lower levels will focus on specific components of those parts.

Each layer can be linked to another higher layer by examining the contribution that it makes to the results that are seen as necessary or desirable at that layer. The process of establishing a hierarchy of outcomes clearly involves both choices about the “result” that is being aimed for, and about the most suitable option for achieving that result. A key part of the outcomes framework is the focus on providing a reason, or explanation (intervention logic), for choice of subsidiary outcomes in each case. This not only enables tangata whenua and stakeholders to comment on, or provide a critique of, specific options; but also provides a clear basis for monitoring and evaluation of the policies that are intended to be delivered by those options.

As with any management system the outcomes framework requires a “feedback” loop between the intended result, and the actual performance that was achieved. The regular supply of information on both ecosystem and manager performance at each level is necessary to enable effective decisions on appropriate adjustments. In setting and adjusting the outcomes at most levels, the requirements of relevant legislation, particularly the Fisheries Act, must be adhered to. In the case of the upper (public policy) level outcomes however, selection of new options for achieving long-term results may often involve legislative change.

The decisions to set or amend particular standards, objectives, rules, and level of fisheries service provided, will be based on risks of failing to achieve outcomes, and will be made within a structured risk-management process. This will enable managers to identify relevant risk, to assess its significance, and to determine the appropriate management response. Where there are management resource constraints, as is often the case, this process will enable all stakeholders to be informed about the extent to which risks to the achievement of outcomes and standards are being managed within the available budget.

### ***Structure of the outcomes framework***

As noted above, the purpose of the outcomes framework is to set up an effective and appropriate means of describing the results that need to be achieved, at various levels of

management, if the overall outcome is to be attained. However, apart from specific requirements established by legislation, the levels of outcome set up within the framework are a matter of choice. They should allow management to be conducted at a scale that is appropriate to both fisheries resources, and the community of interest in them.

The statement of specific outcomes does not, of itself, describe or determine the processes by which they are developed, implemented and monitored, but needs to be compatible with them. While it is possible to refer to the intended results at each level as “outcomes”, the task of discussing and agreeing on appropriate results is often easier if the various levels are separately defined. Accordingly, the framework is divided into;

- Outcomes
- Standards
- Objectives
- Rules – Strategies - Interventions
- Services
- Activities

Outcomes will describe the desired results of management at national or general level, and thus will not be specific to fisheries or to specific managers or fishers. They will be monitored and evaluated at a public policy level and there will be no expectation of individual accountability for performance.

Standards will generally be used to describe desired management results at sub-national level, whether in respect of fisheries resources, or management activities. Standards will cover both the performance expected of fisheries managers, as well as fishers.

“Objectives” define the particular “outcomes” for a specific fishery.

“Rules” describe the limitations and obligations imposed on fishers, and managers, in order to meet the objectives for the fishery.

“Services” describe the management activities that must be supplied to enable the rules to be complied with.

“Activities” are the actions taken to produce services.

### ***Objectives-based approach to fisheries management***

Ministry experience from previous management initiatives, and feedback from tangata whenua and stakeholders, has confirmed the importance of developing a clear linkage between the management objectives and the management interventions (‘strategies’) and fisheries services for a particular fishery. This approach will utilise the outcomes framework by developing objectives for specific fisheries, defining the rules required to achieve the objectives, and specifying the services required to support the rules.

The purpose of standards is to provide guidance, for those preparing fisheries plans, on the limits they must work within when establishing the objectives for those plans. Looking “upwards” standards will establish the minimum requirements that must be met for a defined “unit (resource or management activity), if the relevant outcome is to be achieved. In the

course of developing the standards, options will be considered, and the rationale behind the preferred option will be described.

Looking “downwards” standards enable the creation of a fisheries plan, with defined objectives, for any particular fishery, consistent with the standard. Objectives (and interventions and services) may vary between fisheries plans, as long as they remain within the boundaries of the standards. The existence of legislated standards, at various levels, may mean that limitations on choice exist even at the level of individual tasks and activities (e.g. Fishery Officer powers).

Clear links will be established between management interventions and services in fisheries plans, and the objectives for the fishery. The plans—including multi-year plans where appropriate—will form the basis of Ministry advice to the Minister on statutory decisions regarding management measures, as well as decisions regarding purchase of fisheries services. In all cases the plans will be consistent with relevant process and performance standards.

Fisheries plans will be facilitated by government, but developed in collaboration with relevant stakeholders, and will incorporate government, tangata whenua and stakeholder objectives. Fisheries plans will, for the most part, be based on a stock or stock-complex. However fisheries plans may also relate to management of fisheries in locations of particular significance.

Tangata whenua-led and stakeholder-led initiatives to add value to fisheries will continue to be encouraged. Such initiatives may either be incorporated within the fisheries plans, or stand alongside them (for instance, where the stakeholder-led initiatives do not require any additional services or rules provided by the government).

The processes underpinning the development of fisheries plans should enable a higher level of consensus within, and, increasingly across, tangata whenua and stakeholder groups. The Ministry’s role in relation to defining the objective for a management plan will be to ensure that outcomes and standards are met and to facilitate a tangata whenua and stakeholder consensus on objectives that increase the value to the fishery.

The key elements of the objectives-based approach are:

- Setting objectives that meet or exceed any applicable standards and fisheries outcomes
- Using risk assessment and analysis of costs and benefits to identify key management issues and evaluate alternative implementation strategies
- Prioritise allocation of Ministry resources
- Specifying services and management measures, and assigning responsibility for their delivery and implementation
- Providing a clearer basis for monitoring and reporting on the performance of fisheries management.

### ***Progress towards objectives-based management***

A period of transition will be required as outcomes, standards, and fisheries plans are developed and implemented. Current approaches to managing fisheries will need to be maintained while new management approaches are developed and implemented. This means that Ministry resources available to work on new approaches will have to be carefully balanced against requirements for ongoing management.

## ***WHERE WE ARE TODAY***

Developments over the last 30 years have resulted in New Zealand being considered a leader in quota-based fisheries management.

### ***Sustainable harvests***

The majority of our commercial fisheries are harvested at a sustainable level. Recovery strategies are in place for all stocks known to be depleted. The high cost of obtaining information to assess the state of fish stocks with enough precision to ensure sustainable management continues to be a major challenge for scientists, managers, and stakeholders. The Ministry has recently launched a significant web-based information report “Status of New Zealand Fisheries” in which information on a number of key characteristics can be found. The Ministry’s long-term objective is to develop this site so it becomes the authoritative source of information about the state of New Zealand’s fisheries.

### ***Managing environmental effects of fishing***

New Zealand has put in place legislation intended to ensure that any adverse effects of fishing are appropriately controlled. The government has developed a range of initiatives to address specific issues related to the effects of fishing, including marine protected areas, fishing method restrictions, observer programmes, marine mammal by-catch limits, and requirements to use by-catch mitigation devices.

To date, these initiatives have been largely reactive and lack overall coordination, with the result that it is not easy to gauge whether their combined effect is sufficient to allow sustainable use. The Ministry has responded to this concern by moving towards a more proactive and comprehensive approach to managing the environmental effects of fishing, principally through two particular initiatives; the Strategy to Manage the Environmental Effects of Fishing and the Marine Protected Areas Policy. There are opportunities for more cooperative initiatives between the Ministry and stakeholders to cover a broader range of environmental effects, within the guidelines and standards to be created under these frameworks.

### ***A valuable seafood industry***

The fisheries and aquaculture sector is a major export earner, generates around 26 000 full time equivalent jobs through direct and flow-on effects. The sector makes an important contribution to regional economies. But profitability has declined significantly in recent years. Export revenues peaked at NZ\$1.5 billion (FOB) in the 2002 calendar year, but declined to NZ\$1.3 billion in 2004. This was primarily as a result of the rapid strengthening of the New Zealand dollar against the US dollar; spiralling fuel prices and escalating shipping costs. Figures for 2004 indicate only a 5% increase in export revenues. In response to declining profitability, companies are reviewing their operations, including removing fishing vessels from the fleet, consolidating with other companies, and considering options for processing fish in other countries. The proportion of export sales originating from aquaculture has remained stable at around 15%.

The capacity of the sector to increase the value obtained from fisheries resources, would be strengthened by more certainty about both allocation, between sectors, of access to fish stocks, and the nature of environmental standards. These issues have a significant bearing on industry incentives to invest in both production and management capacity.

### ***Resolution of customary fishing claims***

New Zealand was one of the first countries to resolve customary claims to fishing in a comprehensive manner. The 1992 Deed of Settlement provided Māori a substantial stake in commercial fishing and provided for non-commercial customary fishing to be managed by tangata whenua and rights for tangata whenua to have input and participation in certain sustainability processes. A similar approach has been adopted in the Māori Commercial Aquaculture Claims Settlement Act 2004, which will give Māori a substantial stake in marine farming. More work remains to be done to complete implementation of customary fishing regulations. More *Kaitiaki* need to be appointed and effective working relationships need to be established between the Ministry and more iwi and hapu to enable iwi and hapu to have input and participation into relevant Ministry processes.

### ***A high quality and popular marine recreational fishery***

Approximately 20% of New Zealanders participate in recreational fishing. Recreational fishing also attracts foreign tourists. Free access is available to all recreational fishers. Significant recreational fisheries, such as snapper on the north east coast, are being rebuilt to increase their abundance. As recreational fishing has become more popular, concerns about sharing the available yield between the recreational and commercial sectors have grown. Further work is required to better integrate rights and improve the allocation process so that recreational and other fishery stakeholders can more easily work together towards common objectives. There is also increasing concern over localised depletion of some popular fish and shellfish species in particular areas.

The uncertainty over allocation also inhibits investment by this sector, particularly in management capacity, which restricts its ability to fully engage in the management processes.

### ***Increased stakeholder participation***

The Ministry of Fisheries has worked closely with stakeholders on a range of fisheries initiatives. Such cooperation has led to innovative and durable fisheries management approaches, often with high levels of support by tangata whenua and stakeholders. These initiatives include:

- Planning processes applicable to all fisheries (such as stock assessment, research planning and cost recovery)
- Management initiatives focused on specific fisheries or areas (such as the Adaptive Management Programmes, National Rock Lobster Management Group, Southern Scallop re-seeding and rotational harvest, and the South Island Eel Management Plan)
- Introduction of the QMS, by the Ministry in collaboration with the NZ Fishing Industry Board, the NZ Fishing Industry Association, and the NZ Federation of Commercial Fishermen

- Issue-related projects such as the Non-QMS Working Group, development of customary fishing regulations with *Paepae Taumata 2*, and the Cost Recovery Working Group
- Establishment of an independent company (FishServe) to provide registry services
- Close collaboration between the Ministry of Fisheries and FishServe in the development of New Registry systems required to enable the Fisheries Act 1996 to be implemented in October 2001.

There are opportunities for the Ministry of Fisheries to work with stakeholders on further initiatives across a range of issues, fisheries, and geographical areas, particularly through the development of objective based fisheries plans.

### ***Relatively low management costs***

The ratio of government expenditure on fisheries management to the annual export value of fisheries was about 5.5% in 2003-04. Unlike many other countries, the fisheries sector in New Zealand receives no direct subsidies from the government. In addition, the industry makes a significant contribution to the costs of fisheries management—approximately 40% of government expenditure on fisheries management is recovered from the industry. Some stakeholders are concerned that investment in management of fisheries is insufficient to enable the value of fisheries to New Zealanders to be maximised. Determining the right level of investment—and who should pay for the investment—remains a challenge. A consequence of careful use of resources is that examination of the steps required to address obligations and meet outcomes may identify areas where further investment is necessary.

## STRATEGIC DIRECTION AND PRIORITIES

### *Overall fishery outcome*

Since 2003, the Ministry of Fisheries has focused on an overall fishery outcome:

***“The value New Zealanders obtain from the sustainable use of fisheries resources and protection of the aquatic environment is maximised”***

This overall outcome is consistent with the purpose of the Fisheries Act 1996 and it contributes to the achievement of a number of broader government goals and strategies.

A key part of the Ministry’s approach to achieving this outcome is the use of an outcomes framework and objectives-based approach to fisheries management as described in the previous sections of this report.

The Ministry does not have responsibility for all the contributions required to achieve the overall fishery outcome and must rely on contributions from others – government agencies, iwi and hapu, stakeholders and the public. However, all Ministry activities are directed towards achieving this single outcome.

### *Strategic priorities*

The strategic priorities listed below are the main focus of the Ministry of Fisheries’ effort over the next year and represent the issues that will have the most significant impact on the sector and community. An outline of the Ministry’s more complete 3-year work programme to support achievement of the overall fisheries outcome is provided in the next section of this report.

### Oceans Policy

New Zealand’s ocean and marine resources are valued for a wide range of uses, which include visual amenity, fishing, transport, mining, marine farming, and pleasure boating. Conflict often arises amongst existing uses, and between existing and new uses, and trade-offs need to be made. There is, however, no overall policy framework for the government to set objectives for oceans management, and only limited means to reconcile competing uses in the marine environment. In July 2000 the Government agreed to develop an Oceans Policy for New Zealand. The purpose of the policy is to deliver integrated and consistent management of the oceans within New Zealand’s jurisdiction.

The many statutes currently in place to manage activities in the marine environment have a variety of purposes and take different approaches to resource allocation and management. In addition, most of the statutes contain some mechanism to reconcile conflicts that arise between uses that are the focus of the particular statute, but there are no effective means to reconcile conflicts between uses regulated under different statutes—for instance, between the Fisheries Act and the Resource Management Act.

In July 2005, Government agreed to a draft Oceans Policy framework as a basis for further policy development, with consultation to occur in 2006. The Ministry of Fisheries is a major contributor to this whole-of-government project, which is coordinated by the Ministry for the Environment.

### Fisheries plans

The Ministry is planning to significantly increase the use of fisheries plans as a fisheries management tool in the short to medium term. As outlined in the 05/06 Statement of Intent, the Ministry is committed to working with stakeholders to better define what we want to achieve from fisheries (objectives), and to clearly link the management interventions and services to those objectives. Fisheries plans are seen as an important mechanism to improve stakeholder involvement in – and ownership of – fisheries management in New Zealand.

The Ministry has committed to develop three fisheries plans in 2005/06 to trial this new approach. In the development of a fisheries plan, the Ministry will work with tangata whenua and stakeholders to build consensus on objectives, develop a risk assessment to evaluate management strategies, and then specify the services and management measures that will be applied to the fisheries plan. A fisheries plan will bring together the harvest plan, monitoring, research, enforcement, and other elements of fisheries management; show the links between these elements and will allow the Ministry to better prioritise its limited resources.

Fisheries plans will in most cases be facilitated by government, and developed in collaboration with relevant stakeholders. However, development of fisheries plans may also be led by tangata whenua or stakeholder groups, although development of such plans will need to be primarily resourced by tangata whenua or stakeholder interests themselves.

The processes of developing and evaluating fisheries plans will run alongside the ongoing work of managing fisheries; the biannual sustainability rounds will continue to function, to ensure that key sustainability and utilisation issues for particular stocks are appropriately managed. In addition to the three plans used as trial plans, work will continue on completing a small number of stakeholder led plans already under way.

### Improving environmental performance

New Zealand's aquatic environment is valuable for many reasons—not least for its role in the production of fisheries resources—and its long-term health is an important part of the Government's sustainable development goals. Fishing is one of a number of human activities that have the potential to affect parts of the aquatic environment significantly.

Management of environmental effects typically address the effects of fishing on icon non-target species such as marine mammals and birds, and major fish by-catch species. Some have started to address the effects of fishing on benthic habitats. Only a few have developed as far as addressing indirect effects of fishing on marine ecosystems such as those occurring through the food chain.

A number of initiatives to address specific environmental issues related to fishing have been put in place, including closed areas, fishing method restrictions, observer programmes, marine mammal by-catch limits, and requirements to use by-catch mitigation devices.

The *Strategy for Managing the Environmental Effects of Fishing*, released in August 2005, sets out the approach by which the Ministry will manage environmental effects. The primary purpose of the strategy is to provide policies through which the Ministry can meet its environmental obligations in the Fisheries Act in an efficient and consistent manner. The Strategy is also designed to provide for coordination of Fisheries Act environmental obligations with environmental obligations under other relevant legislation. Effective implementation of Fisheries Act environmental obligations will enable New Zealand to meet its international obligations to implement an ecosystem approach to fisheries.

### Marine protected areas and marine reserves

The New Zealand Biodiversity Strategy, adopted in 2000, identified a range of priority actions to protect and restore New Zealand's indigenous biodiversity. In relation to marine biodiversity, the priority actions include development and implementation of a strategy to establish a network of areas to protect marine biodiversity, and a review of the Marine Reserves Act to better provide for protection of biodiversity.

The Ministry and the Department of Conservation have developed a Marine Protected Areas (MPA) Policy and Implementation Plan, following public consultation early in 2005. The proposed Policy is a new and integrated approach to marine protection that will promote the systematic development of a comprehensive and representative MPA network to protect marine biodiversity. The Policy seeks to establish MPAs using a range of existing tools such as marine reserves, Fisheries Act measures, and Resource Management Act tools. It is envisaged that the improved processes associated with the implementation of the Policy should help reduce some of the opposition that is currently associated with proposals for marine

### Enhancing the quality of marine recreational fishing

The popularity and demand for recreational fishing in New Zealand has resulted in conflict between recreational and commercial fishers when both sectors compete for access to the same limited resource in fully exploited fisheries. This is particularly an issue for inshore fisheries, both finfish and shellfish.

At the individual level, recreational fishers may fish for any species almost anywhere in the country. Some species have minimum size limits and many popular species have daily bag limits. However, these are not 'hard' constraints on the total catch because any member of the public can exercise the right to go fishing. If participation rates change and as the general population grows, fixed bag limits may result in changing total recreational take. If total recreational take expands and the TAC is set correctly, ensuring that the overall take remains within the TAC could result in the growth in recreational catch being accommodated by reducing the commercial share (the TACC). However, this undermines the value of commercial rights and the increased uncertainty about TACC levels reduces incentives for the industry to invest in conserving or adding value to the fishery.

This highlights the differing nature of the access right provided to recreational and commercial fishers. Recreational fishers are entitled, as of right, to go fishing in the sea (no permit is required) but this public access right can be, and is, subject to regulatory restrictions empowered by statute. For commercial fishers, the QMS has created statutory rights that have some of the characteristics of property – and have been recognised as such by the

courts. This more specific definition of rights for commercial fishers provides a range of benefits to industry and government, including the great advantage in management of being able to more tightly constrain total catch. By contrast, the total catch taken by the recreational sector is not under such direct management control. This creates particular difficulties for management when recreational catch is expanding in a stock that is already fully exploited.

To address these issues, the Ministry has a range of initiatives underway. These include exploring options to increase the social, cultural and economic value of shared fisheries by improving intersectoral access and allocation. For instance, a fishery managed to maximise yield over time may meet the needs of the commercial sector, but it may not meet the needs and interests of non-commercial fishers who generally place a higher value on large fish size and high catch rates, rather than overall yield. The Fisheries Act provides some flexibility to set the TAC to achieve a stock level at, or above, a level that can produce maximum sustainable yield ('Bmsy'), and the rate at which the desired stock level is achieved. The TAC (and biomass level) has impacts on the total yield and availability of fish, both of which are important to extractive sectors.

The Ministry is also providing administrative and policy support to the newly appointed Recreational Fishing Ministerial Advisory Committee and the regional recreational forums.

#### Improved stakeholder relationships and participation

A large part of the fisheries management process involves influencing the behaviour of stakeholders in ways that can realise the full potential of fisheries resources. The purpose of fisheries management therefore is to establish incentives for fishers that will operate to coordinate or guide their activities in ways that will achieve desirable long-term results. Where these incentives operate against the immediate interest of fishers it is important that they have enough confidence in the integrity of the decision process to accept that such constraints are appropriate to ensure overall management objectives are achieved.

The Ministry is taking steps to improve stakeholder relationships and participation. In order to increase engagement with tangata whenua it is establishing and supporting regional forums of iwi and hapu to provide for more effective input and participation into Ministry processes. The Ministry is also supporting the work of Pou Hononga (relationship management facilitators) and is expanding its involvement in capacity building, and iwi and hapu relationship facilitation.

#### Fishing industry and aquaculture development

The New Zealand fishing industry is a major export earner for the New Zealand economy. In 2004, just under 340,000 tonnes of seafood products left the country, worth a total \$NZ 1.3 billion to the New Zealand economy. This makes the fishing industry New Zealand's fifth largest export earner behind dairy, meat, horticulture, and forestry. Export earnings provide the New Zealand fishing industry with approximately 90% of its total revenue.

The industry is currently experiencing difficult times as it continues to operate in an increasingly difficult economic environment. Key economic and environmental factors affecting the New Zealand industry have been the high value of the New Zealand dollar, record fuel prices, and major reductions in the hoki catch limits. The combination of these, and other, factors have put financial pressure on the New Zealand fishing industry. This has

led to some business contraction, including some fishing vessels being tied up or sold, and consequent job losses.

The Ministry is working in a number of different areas to assist the fishing industry, both aquaculture and wild harvest fisheries, to maximise their potential for growth. These include:

- The Food and Beverage Taskforce – The Taskforce comprises leaders from the food and beverage sector and senior government representatives. The Taskforce has been established to assess priorities for development and work out where government can help clear away unnecessary barriers to growth. The intent is also for the Taskforce to forge partnerships within the Food and Beverage sector itself, as well as between industry and government.
- Seafood Workforce Strategy – This initiative is being led by the Department of Labour. A working group has been established that includes senior government and industry representatives to consider a long-term strategy to deal with skill and labour issues in the seafood industry.
- Fisheries Plans – The Ministry is planning to use fisheries plans as a key fisheries management tool in the short to medium term. Fisheries plans are seen as an important mechanism to better target and coordinate management measures on a fishery-specific basis, and to improve stakeholder involvement in – and commitment to – fisheries management in New Zealand. Fisheries plans will provide an opportunity for stakeholders to maximise value from the fishery, including the potential for cost reduction in management.
- Aquaculture Reforms Implementation Project – This joint project, initiated by central government, is designed to assist local authorities to take up their planning and management role for aquaculture. The project team includes central government agencies (key agencies are Environment (lead), Fisheries, and Conservation), local government representatives and industry representation. Industry involvement in the project ensures a clearer focus on implementation issues that are of importance to the industry itself as well as providing for timely exchange of information between government and industry on both government initiatives and industry developments in aquaculture.
- Aquaculture Sector Strategy and Action Agenda - This is an industry-led initiative that is being supported by central government. The Ministry of Fisheries hosted an aquaculture forum in Wellington in April 2005 to support the development of an aquaculture sector strategy. The aquaculture industry has been successful in obtaining funding through the Ministry of Economic Development to support the development of this strategy. The Ministry of Fisheries will be continuing to support this initiative as appropriate through 05/06.
- Cost Recovery Review – Cost recovery is the mechanism by which the Crown recovers a proportion of its total costs from commercial fishing industry. Cost recovery principles are established under the Fisheries Act and describe the approach to cost recovery. Cost recovery rules interpret and give effect to these principles. Cost recovery rules are altered as the characteristics of government-provided services change. The rules were last changed in 2001, while levies are issues annually. The Ministry is scheduled to review the cost recovery framework through 05/06.
- Deemed values review

The findings of a joint Crown-Industry working group (JWG) established to consider the proposition that quota rights holders should be entitled to a proportion of revenues paid as

deemed values, were reported to the Minister of Fisheries in May 2005. The JWG was mandated by the Minister, and arose from the considerations of an earlier Joint Crown and Industry Working Group on Under and Over Recovery of Cost Recovery Levies, which reported to the Minister of Fisheries in February 2003.

The report presents recommendations on a broader set of issues than just the return of revenues, representing the JWG's agreement that other problems with the deemed value system required attention. If approved, the recommendations will be progressed through a process of wider consultation with fisheries stakeholders.

#### Compliance education for recreational fishers

The Ministry has identified certain segments of the population that have higher levels of non-compliance with recreational fishing rules than desirable. Within these groups it appears that a lack of knowledge of the rules is a major contributor with social and cultural factors also playing a part.

In response, the Ministry plans to adopt a proactive compliance stance across the recreational sector. A comprehensive initiative targeting at risk populations is being undertaken to educate and raise awareness of fishing rules, the reasons for these rules and the need for New Zealand to manage fisheries in a sustainable manner. The initiative includes school talks, community meetings, brochures describing fishing rules in various languages, more signage on at risk beaches, and more extensive use of the Honorary Fishery Officer network.

#### Compliance targeting of poaching and black market activities

Analysis has shown that poaching and black market activities can severally undermine fisheries sustainability, the property rights of legitimate commercial fishers and impact on the rights of customary and recreational fishers. In some areas paua stocks are under severe threat from poachers with organised crime rings being increasingly involved.

The Ministry will increase its analytical and investigative capacity and will implement a number of initiatives to target poaching and black market activities. These include the development of a special tactics team able to undertake covert operations, train and work with other agencies such as Customs and Aviation Security staff at airports and ports and trial a detector dog programme with Ministry of Agriculture and Forestry. A multi-agency approach will target organised crime to apprehend offenders and stem the illegal seafood trade. Deterrent penalties will be sought from the courts for those apprehended and successfully prosecuted.

#### 'Project Protector'

Since the introduction of the QMS, the Ministry has evolved into a land-based agency with very limited 'at sea' capability. This has left a significant gap and exposed a range of risks to the integrity of New Zealand's EEZ and fisheries management frameworks. Over the next three years Project Protector will deliver a range of inshore and offshore patrol vessels and a key focus of the vessels will be fisheries surveillance, inspection and enforcement. This will significantly enhance the Ministry's compliance capability. Initiatives under consideration include the development of an offshore patrol group; increased intelligence and analytical capability; improved systems and processes for maritime planning and the development of

new training programmes. Additional resourcing is likely to be a key factor in the Ministry being able to deliver on these initiatives.

### Governance of high seas fisheries

Improving institutional frameworks and arrangements for the governance and management of high seas fisheries is critical for the future of those fisheries. As a country with real fishing interests in high seas fisheries New Zealand has a direct obligation to cooperate with other countries to ensure that those fisheries are managed sustainably. Access to fisheries in the high seas is of direct importance to the New Zealand fishing industry as it moves to take advantage of fisheries opportunities beyond the New Zealand EEZ. Poor governance of high seas fisheries for highly migratory and straddling fish stocks also has the potential to directly impact on New Zealand's domestic fisheries for those stocks that occur within our EEZ.

The Ministry of Fisheries is directly involved in initiatives to improve governance arrangements for high seas fisheries at both a multilateral and regional level. This work involves participation in key international forums discussing oceans and fisheries issues such as the FAO and United Nations, in regional fora such as APEC, and within regional fisheries management organizations such as the Western and Central Pacific Fisheries Commission (WCPFC), the Commission for the Conservation of Southern Bluefin Tuna (CCSBT) and the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).

The principal international legal instrument for the conservation and management of high seas fisheries is the 1995 United Nations Fish Stocks Agreement (UNFSA) – an implementing agreement under the UN Convention of the Law of the Seas (UNCLOS) covering highly migratory and straddling fish stocks. As a State Party to UNFSA, New Zealand is actively involved in negotiations to review the effectiveness of UNFSA. This work focuses on identifying barriers to the effective implementation of UNFSA as well as gaps in the governance framework, such as for discrete high seas stocks. An outcome of this process could be negotiations on new instruments or agreements to fill identified gaps in the legal framework.

Another platform for improving governance of high seas fisheries is through the New Zealand Minister of Fisheries' membership of the High Seas Task Force. At its first meeting in March 2005, Ministers directed the Secretariat of the Task Force to conduct an assessment of the performance of high seas Regional Fisheries Management Organisations (RFMOs). The Ministry of Fisheries is contributing to this work that focuses on the development of objective criteria for the assessment of RFMOs based on standards that are established by the relevant instruments of international fisheries law.

Closer to home, New Zealand is taking a lead role, along with Australia and Chile, in the establishment of a new RFMO for non-high migratory fish stocks in the high seas parts of the South Pacific Ocean. The Ministry of Fisheries and the Ministry of Foreign Affairs and Trade are the lead New Zealand agencies in these negotiations. The new RFMO will fill a significant gap in the governance of high seas fisheries in our region. This initiative has the potential to set a new international standard for the regional governance of high seas fisheries, and the Ministry of Fisheries will be striving to ensure that best practice fisheries management and governance frameworks are incorporated into the new organisation.

## Jurisdiction of freshwater fisheries management

There are overlaps between the Fisheries and Conservation Acts in relation to freshwater fisheries. Over time the problems caused by this overlap have become more pressing. In particular, the overlap affects the Ministry's ability to give effect to the Crown's Treaty settlement obligations in three ways:

- It affects the Ministry's ability to recognise and provide for an iwi's freshwater fisheries interests as part of cultural redress settlements in individual Treaty settlements. The different roles of the agencies may also undermine the Crown's position as a whole, as agencies can be attempting to achieve different outcomes in the negotiation rather than the Crown negotiating as a single entity
- It undermines the Ministry's ability to give effect to the Fisheries Deed of Settlement through the customary fishing regulations. For example, if iwi use the customary regulations to set up a mātaītai reserve and make bylaws to manage a freshwater species, but the Freshwater Fisheries Regulations (administered by DoC) allows unrestricted take of that species, then the iwi's rights under the Fisheries Deed of settlement will be to no effect.
- The prohibition on commercial sale of some species under Conservation regulations undermines the duty of the Crown to give effect to the intent of the Deed of Settlement to provide access to all fisheries, including freshwater species, which could be taken commercially.

The jurisdictional overlap also creates a risk that contradictory management regimes for freshwater fisheries have been, or could be, imposed. The Ministry has obligations under the Fisheries Act to provide for sustainable utilisation of fisheries that are currently not being fully addressed. The overlap also hinders the Department of Conservation from meeting its obligations, because any management regime it imposes under the Conservation Act risks being undermined by the imposition of conflicting management regimes under the Fisheries Act. Resolution of the jurisdictional overlap would allow the Ministry to meet its settlement obligations. Clarifying the management responsibilities would enable improved management of threats to both fisheries and the environment in freshwater ecosystems.

## **CONTRIBUTING OUTCOMES AND THREE-YEAR WORK PROGRAMME**

In the 2005/08 Statement of Intent, the Ministry identified four outcomes that contribute to the achievement of the overall fishery outcome. This year three contributing outcomes are identified.

Delivery of the Crown's obligations to Maori, along with other legal and international obligations, provides the context within which the Ministry must operate. Delivering on the Crown's obligations to Maori is fundamental to Ministry and informs all activities undertaken to support achievement of our overall fisheries outcome. For this reason the contributing outcome relating to the delivery of Crown obligations to Maori, rather than forming a stand-alone outcome, has been folded into each of the three contributing outcomes identified in this Statement of Future Operating Intentions.

Each of the three contributing outcomes, and a description of the associated intervention logic is set out below below. Key work programmes to support these contributing outcomes over the next three years are also provided.

### **CONTRIBUTING OUTCOME #1**

The health of the aquatic environment is protected
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#### ***Role of fisheries managers***

Protecting the health of the aquatic environment is fundamental. The ability of the aquatic environment to produce value for current and future generations is dependant on the healthy functioning of key ecosystem processes. This means that we need to understand the nature (composition, diversity, stability, productivity) and extent of the resources we are managing and how ecosystems work.

We recognise that both natural and human-induced change can have an impact on the health of the aquatic environment. While little direct action can be taken to manage natural events (although increasingly more and more natural events are found to be linked at some level to human activity), the government has an interest to ensure that the use of resources does not compromise the health of the aquatic environment.

Fishing is only one of many activities that affect the aquatic environment. Other activities, such as seabed mining, reclamation, pollution and land clearance may, at certain times and places, have more of an impact on the aquatic environment and fisheries resources than does the activity of fishing. Thus, in order to protect the health of the aquatic environment and enable the sustainable use of fisheries, it is necessary to limit all activities that might have undesirable effects.

The Ministry does not have responsibility for managing all activities that impact on the health of the aquatic environment. Accordingly, fisheries managers have a dual role in respect of this outcome. First it participates in across-government processes that develop improved

frameworks and set general limits for all human activity affecting the aquatic environment. Second, it establishes appropriate incentives and specifies limits on fishing activity, consistent with the general limits applying to human activity.

### ***Contributing to processes that manage impacts from use of non-fisheries resources***

The Ministry manages fishing activity and is not able to directly control non-fishing activities that have an impact on the health of the aquatic environment. The Ministry may however, be involved in the development of new frameworks for management of aquatic resources including non-fishing activities or the development of new more effective overarching decision-making frameworks. It may also hold information on fishers and aquatic resources that may be useful in setting limits decision-making related to the management of non-fishing activities. In some cases this will involve representation and advocacy in existing decision-making processes.

*The Ministry's 3-year key work programme in this area includes:*

- Participating in the development of new frameworks and decision-making processes, that manage the use of non-fisheries resources
  - Providing input to development of Oceans Policy
  - Supporting development of marine reserves legislation
  - Providing input to reviewing the NZ Coastal Policy Statement
  - Providing input to RMA coastal plan processes and development of aquaculture management areas
- Helping to set standards to that define the level of acceptable risk to key ecosystem processes arising from the use of non-fisheries resources
  - Supporting Ministry for the Environment and regional council work on setting standards for the aquatic environment
- Providing fisheries information that assists other agencies to operate existing frameworks and decision-making processes that manage the use of non-fisheries resources
  - Providing input to RMA consent application processes

### ***Providing frameworks and incentives to improve environmental performance of fisheries***

In the 2005/08 Statement of Intent, the Ministry identified a shift in focus towards improving the environmental performance of the fisheries sector.

The Ministry's preferred approach to achieving this is to set standards and provide stakeholders with incentives that promote the development of innovative ways of improving performance. The specific mechanism by which incentives are applied varies according to the information and characteristics of the fishing method concerned.

In practice this ideal is difficult to achieve because there are multiple users of the resource, and impacts that cannot easily be made subject to rights-based incentives. Where there are

multiple users of the fishery, there are often strongly held, but differing views on the level of acceptable impact of fishing. The uncertainties inherent in the information on both fishers needs and aquatic environment processes mean that some person or organisation must be given the mandate to determine the appropriate limit, where the parties are unable to agree.

In many cases, the impact of fishing on the future benefits the fisher might obtain, is so tenuous as to be meaningless as an incentive on that fisher, even though it may, in fact, have a significant effect on the health of the aquatic environment. For example, the removal of plant life may be seen by the fisher as having little impact on the future benefits to be obtained from catching fish, because the connection between safeguarding the habitat and the maintenance of a viable fish population is very weak or too distant. In such cases the fisher sees no incentive to limit the impact of fishing, and is unlikely to change the fishing behaviour; which, if continued, may lead to unacceptable effect on ecosystem health. It is necessary therefore, even in fisheries where property rights exist, for the government to intervene, to set acceptable limits on all fishing effects to adequately protect ecosystem health.

*The Ministry's 3-year key work programme in this area includes:*

- Advising government on new tools to improve environmental performance
- Developing proof of concept fisheries plans
- Promoting policies and governance arrangements for sustainable management of high seas fisheries
- Supporting development of marine reserves legislation

### ***Specifying limits on fishing activity***

When setting fisheries standards, the Ministry defines the acceptable level of risk to the health of the aquatic environment from the use of fisheries resources.

Fishing activity, in addition to generating benefits for the fisher, also imposes costs on the aquatic environment. For example, the harvest of a fish may lead to the incidental capture of a seabird, or disturbance to plant life on part of the seafloor. In each case, effective management requires that the fisher be subject to sufficient incentives, to modify the fishing behaviour to ensure that appropriate limits, in respect of each these impacts, are not exceeded. This task is complicated by the fact that information about the impact of the fishing on the respective populations may be poor, the result of fishing may be hard to predict and by the fact that one or more of the results may bring no benefit to the fisher (capture of seabirds).

Where there are relatively strong links between the fisher's interest, and the effect of fishing, there are some inbuilt incentives to limit adverse impacts. For example, if the fisher's preference is to have a consistent supply of fish for sale, taking fish above a sustainable harvest level, will eventually result in a situation (reduction in catch) against that interest or preference. These incentives can be strengthened by the creation of long-term access rights, because the fisher knows that any breach of current limits will have the effect of reducing the

value of the right in the future. In theory, if the right was fully defined, and there were no other users of the same resource, the task of finding appropriate limits could be left to the rights holders, because they would have to suffer the full effect of poor decision-making.

In order to set effective limits on fishing the Ministry needs access to information on the state of various ecosystem components (fish, birds, seals, habitat) and the risks that use of fisheries might pose to them. There are a number of possible mechanisms for obtaining information on the ecosystem, each of which has advantages and disadvantages, in respect of accuracy, cost, timeliness etc. In order for stakeholders to have confidence in the limits that are set, based on that information, they need to know, and understand, how good it is. This requires a clear description of the means by which it will be obtained, any inherent uncertainty or inaccuracy, and the means by which its integrity will be maintained. In the case of ecosystems in particular, the high cost of obtaining information on specific components, means that decisions are frequently made on assumptions based on more general information. For instance, when determining limits it is assumed that we can treat similar ecosystem components in a similar way. Limits set for “rocky shore” can be applied to all areas where similar rocky shore habitat exists. This approach acknowledges the fact that it would be too expensive to set a limit for every individual piece of rocky shore.

In addition, much of the information used in setting ecosystem limits will be subjected to a “modelling” process in order to try and inform the decision-maker about the impacts of various options. For the same reasons as outlined above, the assumptions relied on, and the methodology of the model, need to be clearly specified.

*The Ministry’s 3-year key work programme in this area includes:*

- Setting standards that define the acceptable level of risk to the health of the aquatic environment from the use of fisheries
  - Gathering information required to develop and set standards; including facilitating research on effects of fishing on the marine environment, seabirds and marine mammals
  - Developing the standards setting framework including risk assessment and mitigation methodology
- Operating existing frameworks and processes for managing the effects that the use of fisheries resources may have on the aquatic environment
  - Implementing the marine protected areas strategy in priority areas
  - Implementing the strategy for managing the environmental effect of fishing
  - Facilitating fisheries stock assessment and monitoring research
  - Reviewing fisheries sustainability measures, including removal of live shark fins
  - Implementing national plans of action for at risk species
  - Developing of proof of concept fisheries plans
  - Continuing engagement to develop effective regional fisheries management organisations and international High Seas agreements

### *Achieving compliance with environmental standards set for fishing activity*

In order for a standard to be effective there must be incentives in place that motivate fishers to keep within it, and those incentives must operate successfully.

Compliance is achieved by an appropriate combination of incentive and sanction. The incentive is provided by means of information about the purpose of the limit or obligation, and the level of behaviour that is required to comply with it. The sanction is the negative consequence, for the fisher, if that standard of behaviour is not met. An effective compliance regime will be one that maintains the desirable level of compliance; an efficient one will achieve that goal at least cost. Given the fact that self-control is the cheapest form of enforcement, any compliance regime should endeavour to obtain the desirable level through voluntary compliance. The choice of how to raise an existing level of compliance to the desired level should be based on the relative costs of incentives and sanctions, bearing in mind the differing time periods over which they may be effective.

Education and information may operate to some extent to motivate fishers to keep within limits, but there will always be a need to enforce sanctions in some cases. This requires information to be gathered about actual fishing activities, and action taken in respect of fishers who fail to meet the required standard of behaviour. Currently the majority of sanctions are provided by Court-imposed penalties (usually fines) imposed after conviction. This process dictates the type and quality of information that must be obtained to enable the Court to act in respect of a specific individual.

*The Ministry's 3-year key work programme in this area includes:*

- Encouraging fisher compliance with environmental standards
  - Producing information brochures, signage and educational material to inform fishers about their responsibilities, the rules, and the rationale for those rules
- Gathering information required to monitor fisher performance against environmental standards
  - Operating catch and effort reporting systems
  - Undertaking observation, surveillance and inspection services
  - Reviewing coverage of vessel monitoring system in commercial fleet
- Undertaking enforcement and prosecution action against deliberate serious offending
  - Initiating investigation and where necessary prosecution activity, infringement fee and forfeiture processes

## CONTRIBUTING OUTCOME #2

People are able to realise the best value from the sustainable and efficient use of fisheries

### *Recognising the nature of value*

Within limits set to ensure sustainability, it is desirable that fisheries resources are utilised by those who obtain the most value from them. The value derived from the utilisation of fisheries resources can be described in a number of ways. It includes value gained from a thriving seafood industry; value gained from the pleasure of fishing for recreation; value gained from customary fisheries. Value is also gained from non-extractive uses such as viewing fisheries in a healthy aquatic environment, although currently there are statutory limits on the extent to which this can be provided for.

In order to obtain the overall best value use of fisheries the Ministry needs to recognise the full range of values and understand how they are generated. For instance, value has an inter-generational aspect, in that the 'cost' of value being extracted by the current generation can be regarded as being the loss of opportunity offered to future generations. Conversely, providing options for future generations, for example, leaving more fish in the sea and a less disturbed marine environment may come at a 'cost' to the current generation in term of loss of unrealised value, for example lower employment in the fishing sector.

*The Ministry's 3-year key work programme in this area includes:*

- Developing our understanding of the full range of values able to be gained from the use of fisheries resources
  - Undertaking and facilitating socio-economic research to identify options available to realise value from extractive and non-extractive uses
  - Developing methodology for identifying and gathering information on current and potential value
  - Undertaking and facilitating socio-economic research to gathering information regarding value, especially in the recreational and customary fisheries sectors

### *Realising best value within each fishing sector*

The concept of realising best value rests on the assumption that scarcity exists with regard to common-pool fisheries resources and that management has the ability to place a limit on the overall amount of access provided. Most economies use market mechanisms to ration access to scarce resources.

In the fisheries context, scarcity within the commercial sector is managed by rationing access through the QMS. Under the QMS, commercial rights have been created which lend themselves to market trading, as they are well defined and sufficiently stable to encourage

investment. In addition, the conditions required for the establishment of a functioning market are also in place; high participation, good information flows and low transaction costs. Within this system individual entities are able to make decisions concerning their level of access and adjust their access by trading quota. It is assumed that those who value commercial fishing rights most will tend to buy them from those who are unable to make most effective use of them. This trading allows investment and capital to flow to the most productive/best value use of resources within the sector.

In the recreational sector, access is controlled by the imposition of individual daily bag limits and restrictions on the use of bulk fishing methods. These measures spread the value of the recreational allocation across individual fishers and act to constrain catch to the allocation within the TAC. The actual amount of fish taken by the sector is influenced by the number of individuals participating in the fishery, and the number of trips undertaken.

The Ministry has a duty to carry out statutory obligations to Maori, imposed on the Crown in respect of fisheries management. These arise through general fisheries settlement legislation, or from specific enactments implementing settlements relating to one or more iwi or hapu. The Ministry needs to have regard to these obligations when undertaking activities that support movement towards the overall fisheries outcome. In the customary sector, the level of access provided to fishers is managed by kaitiaki and is dependent upon the number and nature of authorisations granted take fish for customary purposes.

*The Ministry's 3-year key work programme in this area includes:*

- Maintaining and developing systems that can facilitate investment and trading of access rights within the commercial fishing sector
  - Operating QMS frameworks
  - Reviewing TAC/TACCs and fisheries utilisation measures
  - Operating deemed value catch balancing system
  - Monitoring delivery of devolved and contracted registry services
  - Introducing fish stocks into the QMS
- Ensuring obligations set out in Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 are met
  - Meeting obligations with respect to the introduction of new species in to the QMS
  - Giving effect to customary fishing regulations - appointment of kaitiaki
- Ensuring obligations set out in the Maori Commercial Aquaculture Claims Settlement Act 2004 are met
  - Continuing to quantify 'pre-commencement' water space
  - Establishing a settlement assets register
  - Ensuring delivery of aquaculture water space or equivalent
  - Commencing preparation of a plan describing the Crown's performance in meeting settlement obligations by 2008
- Ensuring obligations set out in individual historical settlement legislation, deeds of

settlement, and heads of agreement are met with respect to fisheries

### ***Specifying limits within which each fishing sector can maximise value***

Whether the allocation of access is achieved by a market, or through government decision, it will be subject to limits, which define the boundaries within which fishers can act. If those limits are breached, the fisher concerned is extracting a value to which he or she is not entitled. Such action, if unchecked, lessens the incentives for both individual fishers, and groups with similar interests, to co-operate to invest in a fishery.

The government's ability to precisely manage the level of access allocated to the recreational and customary sectors is limited by the lack of accurate, timely information on the amount of fish taken. A more effective means of ensuring that each sector's take remains within their allocation is important so that the value obtained by each sector reflects allocation decisions.

#### *The Ministry's 3-year key work programme in this area includes:*

- Setting standards that define the acceptable level of risk within which fishers can extract value from the use of fisheries resources
  - Setting standards to manage catch per year, or other period
  - Setting standards to manage methods of fishing, seasons and areas
  - Setting standards to manage the provision of information about fishing activity and catch
  - Setting standards to manage product flow by fishers, marine farmers, fish receivers and processors

### ***Achieving compliance with access standards set for fishing***

As is the case with environmental standards, in order for a standard to be effective there must be incentives in place that motivate fishers to keep within it, and those incentives must operate successfully.

#### *The Ministry's 3-year key work programme in this area includes:*

- Encouraging fisher compliance with access standards
  - Engaging tangata whenua and stakeholders in standard setting and rule making processes
  - Producing information brochures, signage and educational material to inform fishers about their responsibilities, the rules, and the rationale for those rules
- Gathering information required to monitor fisher performance against access standards
  - Operating catch and effort reporting systems
  - Undertaking observation, surveillance and inspection services
  - Reviewing coverage of vessel monitoring system in commercial fleet
  - Working with New Zealand Defence Forces and other enforcement agencies

- Ensuring fisher compliance with standards relating to international, commercial, customary and recreational fishing rules
  - Analysing information to detect general, and specific, non-compliance
  - Inspecting fishing boats, gear and catches
- Undertaking enforcement and prosecution action against deliberate serious offending
  - Targeting poaching and black market activities
  - Initiating investigation and where necessary prosecution activity, infringement fee and forfeiture processes

### ***Realising best value across fisheries sectors***

In order to reach overall best value use of fisheries resources, some transfer of value/access may take place across sectors. While the QMS provides a mechanism to realise best value within the commercial sector, there is currently no mechanism provided for stakeholders to adjust levels of access to fisheries resources across sectors.

In the absence of across-sector transfer mechanisms the government acts to increase value across sectors, and makes decisions on trade-offs between current and future generations. Decision-makers transfer access across sectors by acting in accordance with administrative and or statutory processes, procedures and tests. It is assumed that the more certainty that can be provided around these allocation decisions, the greater the incentive will be for stakeholders to commit to strategies and plans that are developed to generate value both within and across sectors.

Until stakeholders can assume a greater role in establishing arrangements to get value for their sector, the government will need to have sufficient information on the value of each sector, and to have a transparent process of comparing disparate values (e.g. commercial and customary) to make allocation decisions. Currently there is a scarcity of information regarding value, especially in respect of the customary and recreational sectors. The strategy of increasing stakeholder role in management should provide increased incentives for stakeholders to supply additional information to decision-makers.

*The Ministry's 3-year key work programme in this area includes:*

- Ensuring obligations set out in Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 are met
  - Giving effect to customary fishing regulations - establishment of mātaimai, taiapure and temporary closed areas
- Increasing across-sector value by transferring access in accordance with administrative and statutory processes, procedures and tests
  - Reviewing TAC/TACCs and fisheries utilisation measures
  - Progressing residual marine farming permit applications
  - Operating register of aquaculture agreements as required for AMA developments
  - Provide advice on marine reserve concurrence requests
- Providing more certainty around processes to adjust the level of access provided to each fisheries sector
  - Reviewing the management of shared fisheries access and allocations framework
  - Undertaking and facilitating socio-economic research to identify options and support tradeoffs made across uses
  - Gathering information required to determine the share that each fishing sector has of the total access available

### ***Providing opportunities to increase value***

The value from the fishery will be the sum of the benefits gained from it minus the costs of obtaining that benefit. Thus, value can be increased by adding to the benefits, or by reducing the costs. It is the Ministry's view that stakeholders should have an increased role in management strategies, interventions and services in order to increase provision of value from their allocation.

Solutions producing greater value across sectors could be obtained by working collaboratively. Here the government can reduce transaction costs by facilitating and encouraging constructive interaction between sectors, and with government, in order to reach the best possible solutions. The Ministry can also contribute to maximising value by ensuring management of fisheries (including use of management measures and provision of services) is linked to clear objectives.

Even where government has acted to allocate value between differing sectors, there is still scope for the value within each sector to be increased. In general this is likely to be achieved where each fisher is free to maximise the value of his or her share of the sector allowance, subject only to the limits necessary to make sure the total sector allowance is not exceeded. This encourages each fisher to develop innovations, in respect of both pre and post harvest cost, to maximise value. An example would be a group of recreational fishers investing in

fish-locating technology that allow them to more quickly and accurately catch their bag limit. Fishers also have an incentive however, to act collectively, to better align the limits with those that will maximise value, and to lower management costs; since both of these will add value.

In both cases, the group of fishers needs some means of limiting the extent to which the benefits of collective action may be undermined by one or more fishers who do not consider the change worthwhile. In the absence of any legal power to unilaterally impose and enforce limits on individual fishers, the group can only rely on consent, obtained by negotiation. Experience has shown that achieving negotiated consent is impractical in anything but small groups, because the transaction costs outweigh the benefits. Further progress in strengthening incentives for fishers to act collectively is likely to require the creation of institutional arrangements that allow a decision reached with a strong mandate to be adopted, while addressing the impact on minority interests.

*The Ministry's 3-year key work programme in this area includes:*

- Providing stakeholders with the opportunity to increase value by working collaboratively across fisheries sectors to reach best solutions
  - Participating in the development of Ministry-led proof of concept fisheries plans
  - Maintaining existing commitments to the development of stakeholder led fisheries plans

### ***Protecting and increasing value***

Reduction in costs can be achieved by reductions in management or input costs, at both pre- and post-harvest stage. Management costs can be reduced by sourcing services through efficient markets, where they exist, or by adoption of benchmarked or best-practice approaches where they do not. Input costs for fishers can be reduced by allowing appropriate flexibility of choice in utilisation practice (choice of harvest method). Where the value from fish is obtained through processing and export, reduction in some fisher input costs (such as those created by trade barriers) might be dependent on government intervention.

Value to a sector may also be reduced where non-fishing activity reduces the benefit to the fisher, either in the short term or long-term. In some cases, (use of coastal space for aquaculture) these transfers are only permitted in certain circumstances, and the Crown is obliged to check that the value to fishers is not inappropriately reduced. In other cases no mechanism is established (either legislatively or otherwise) for trading value. The Ministry's role here is to develop, along with other government agencies, a framework that allows the conflict to be resolved for greatest overall benefit.

The Ministry can also facilitate and encourage initiatives to increase the value that fishers obtain from the fishery. Such activity includes work on the reduction and removal of international trade barriers, or facilitating the development of sector growth strategies. Ministry involvement in these activities occurs where the government has a monopoly role, for instance when representing New Zealand's interests at international multilateral trade

negotiations, or where we have a competitive advantage in terms of the provision of fisheries information and domestic and international expertise.

*The Ministry's 3-year key work programme in this area includes:*

- Increasing the amount of value realised from fisheries resources by adding to benefits and or reducing costs
  - Participating in the development of new policy framework initiatives that have the potential to increase benefit gained
  - Providing input to development of Oceans Policy
  - Reviewing jurisdiction arrangements for management of freshwater fisheries
  - Participating in the government growth and innovation framework
  - Continuing support to development of aquaculture industry sector strategy
  - Reviewing fisheries cost recovery framework
  - Progressing the deemed values review as directed
  - Participating in the development of Ministry-led proof of concept fisheries plans
  - Maintaining existing commitments to the development of stakeholder led fisheries plans
  
- Promoting and protecting New Zealand's international fisheries interests
  - Securing well defined access rights for New Zealand fishing industry beyond our EEZ
  - Continuing to promote multilateral, regional and bilateral engagement and influence
  - Continuing development of cooperation arrangements, strategic alliances, capacity building and formal bilaterals
  - Undertaking a leadership role in developing mechanisms to address illegal, unregulated and unreported fishing in international fisheries
  - Securing international market access for New Zealand fisheries products

### **CONTRIBUTING OUTCOME #3**

Credible fisheries management

#### **Intervention logic narrative**

##### *Acting in accordance with Treaty Principles*

In addition to the delivery of legislative obligations, the Ministry also has a duty to act in accordance with Treaty principles. The Treaty principles are: the principle of partnership; the principle of active protection and the principle of redress. These principles impose a duty on

the Ministry to act reasonably, honourably and in good faith and to make informed decisions. By acting in this way relationships will be strengthened and grievances avoided.

*The Ministry's 3-year key work programme in this area includes:*

- Ensuring staff are informed of the relevance of Treaty Principles and their application in the fisheries management context

### ***Credibility of management frameworks***

A large part of the fisheries management process involves influencing the behaviour of stakeholders in ways that can realise the full potential of fisheries resources. The natural tendency of individuals to make their own decisions on how value can be obtained from fisheries resources tends to lead to an overall loss of value. The purpose of fisheries management therefore is to establish incentives for fishers that will operate to co-ordinate or guide their activities in ways that will achieve desirable long-term results. Where these incentives operate against the immediate interest of fishers it is important that they have enough confidence in the integrity of the decision process to accept that such constraints are appropriate to ensure overall management objectives are achieved.

### ***Tangata whenua and stakeholder engagement in fisheries management***

The Ministry interacts with tangata whenua on a number of different levels. Māori are now the largest players in New Zealand's commercial fishing industry. Tangata whenua can manage their non-commercial customary fishing activity through customary regulations. Māori are also substantial recreational fishers. In order to engage across this range of interests the Ministry currently consults with over 100 iwi and hapū on matters affecting their fisheries.

In addition to implementing the customary fishing regulations we have ongoing consultation obligations in the Fisheries Act 1996. This act requires the Minister to provide for the input and participation of tangata whenua in sustainability decisions that affect their non-commercial interests. The obligation to provide for input and participation of tangata whenua requires more meaningful forms of interaction be developed and implemented. Ministry's Treaty Strategy initiative is directed at building better working relationships with tangata whenua, and improving the delivery of legislative obligations.

An important contributor to credibility is effective engagement with tangata whenua, stakeholders, other government organisations, and the public in management of fisheries. It is the Ministry's view that stakeholders should be involved in management. It is not appropriate for stakeholders to be involved in all aspects of management as in some areas the government has the exclusive decision-making responsibility. For example, delivery of compliance services that required use of statutory enforcement powers such as arrest and seizure.

However, stakeholders should have an increasingly important role to play in other areas of management such as providing input to decision-making frameworks and setting standards. There are a number of reasons for this. Stakeholder involvement in fisheries management decision-making process increases the chance that the relevant decision-maker has access to

all relevant information. It is also assumed that stakeholders will accept decisions that involve risk to them (risk that they may be disadvantaged in relation to others) if they are involved in the decision-making process. Involvement also increases the incentive to support decisions. This results in improved, and therefore less costly, compliance. Perhaps most importantly, stakeholder involvement in fisheries management increases their understanding of the process and increases their willingness to commit to actions and strategies that will deliver long-term benefits.

Constructive engagement will require the Ministry to focus on relationship management, communication, and building tangata whenua and stakeholder capacity to participate effectively in management processes. The Ministry will engage with different fisheries sectors separately and together. Engaging separately with each sector, including engagement with tangata whenua, will enable Ministry staff and sector group representatives to discuss issues of concern and options for constructive resolution. Engagement with different sectors in multi-sector forums will focus on the establishment of standards and, in particular, the development of fisheries plans and their objectives, strategies and services.

*The Ministry's 3-year key work programme in this area includes:*

- Ensuring that tangata whenua and stakeholders understand Ministry processes and associated process standards
  - Describing and setting standards for all fisheries management planning and administration processes – strategic planning; operational plans; fisheries plans
  - Improving the availability of fisheries information – expanding communication and public awareness programmes; upgrading external website
  - Engaging tangata whenua and stakeholders in the standards-setting process, and development of proof of concept fish plans
- Ensuring that tangata whenua and stakeholders are aware of opportunities to engage in fisheries management
  - Developing stakeholder information and relationship strategies
  - Delivering the Ministry's Treaty Strategy
  - Establishing and supporting regional iwi forums
  - Building capacity to engage in fisheries management
  - Continuing to support engagement by providing information on fisheries management processes
  - Supporting the Minister's National Recreational Fisheries Advisory Committee
  - Supporting regional recreational fishing advisory groups
  - Continuing meetings programme with environmental NGOs, commercial stakeholder organisations, SeaFIC Policy Council, and Te Ohu Kai Moana Trustee Limited

- Building stakeholder capacity to engage in fisheries management
  - Facilitating the development of organisations that can coordinate stakeholder group engagement
  - Developing standards relating to mandate, governance and operating procedures of representative organisations and stakeholders
  - Supporting Tangata whenua and stakeholder representative organisations to build the administrative and financial capacity required to engage more effectively
- Improving the quality of Ministry processes to engage with tangata whenua and stakeholder representative organisations
  - Gathering information from tangata whenua and stakeholder groups on Ministry performance
  - Operating the Ministry's complaints and feedback procedure

### ***Objectives-based management***

The use of objectives-based management is the key mode of operation for fisheries management and underpins Ministry credibility. This approach requires full development of a planned-intervention management model, with accompanying support processes. Credible fisheries management is built on management being linked to clear objectives; transparent priority-setting process; decision-making that is effective and fair. The Ministry can also build credibility by operating within its fiscal constraints and having its managers meet best practice standards at least cost.

*The Ministry's 3-year key work programme in this area includes:*

- Managing all fisheries resources in accordance with defined objectives which are consistent with standards
  - Defining management units for all fisheries resources
  - Establishing guidelines for setting fisheries management objectives
  - Setting management strategies, rules and interventions
  - Defining services that achieve fisheries management objectives and standards
  - Delivering objectives-based management via proof of concept fisheries plans
- Establishing transparent links between all management interventions, services, and fisheries management objectives
  - Defining the processes and standards by which all management interventions, services, compliance and fisheries management objectives will be carried out

### ***Monitoring and reporting on performance of fisheries***

Tangata whenua and stakeholders need to know that the information on which decisions are made is robust. Critical information includes research on the status of fish stocks and impacts

on the aquatic environment, ownership of quota shares and ACE, and the amount of each fish stock harvested by each fisher and in total. Critical decision-making processes include TAC and TACC setting, determining other management controls, and setting cost recovery charges.

Stakeholders also need to have confidence that decisions are properly implemented and that performance is monitored and reported on. Evaluation and monitoring will increasingly inform, and risk assessment drive, change or adjustment in strategic direction, the management programme and how we operate and implement fisheries management.

Many management decisions are made in the absence of quality information, on either or both of the current situation, or likely consequences of intervention. While it is both necessary and appropriate to base these decisions on careful assumptions about what the management measure might achieve, it is also very important that the actual result is compared with the assumed result, to see to what extent they differ. Any significant difference will need to be addressed by further management action.

Monitoring is necessary to assess whether, and how, the fisheries management framework and its implementation are contributing to New Zealand social, economic and cultural development. Monitoring includes the identification of appropriate performance indicators, collection and management of information to support monitoring, and the evaluation of this material. This monitoring needs to occur at all levels of management, from outcomes through to the delivery of fisheries services. The three main areas where monitoring can most effectively be used to evaluate management performance are; outcomes; standards; and fisheries plans objectives.

*The Ministry's 3-year key work programme in this area includes:*

- Developing the Ministry's web-based fisheries information report on status and management of New Zealand's fisheries resources
- Monitoring, evaluating and reporting on the performance of fisheries management frameworks against specified fisheries outcomes to assess the need for adjustment and improvement of the frameworks
- Monitoring, evaluating and reporting on the performance of fisheries plans against relevant standards to gauge whether fisheries plans are actually delivering the results that are expected
- Monitoring, evaluating and reporting on the performance of fisheries plans against the plan's objectives to assess the need for adjustment and improvement in the plan's measures and strategies.

## ENSURING LONG TERM CAPABILITY IN THE MINISTRY

### *Overview – our mission and values*

Our mission is expressed in our Maori name – Te Tautiaki i nga tini a Tangaroa – which means ‘the guardian of the multitudes of Tangaroa’.

The Ministry’s values are:

1 We are proud to be part of the New Zealand public service and will maintain the highest standards of professional behaviour. We will meet our obligations as public servants to:

- Fulfil our lawful obligations to the Government with professionalism and integrity;
- Perform our official duties honestly, faithfully and effectively, respecting the rights and interests of the public and our colleagues;
- Not bring the public service into disrepute through our private activities.

0 We recognise the status of Māori as tangata whenua. Our behaviour will, at all times, be consistent with the responsibilities of the Crown as partner to the Treaty of Waitangi and our specific legal obligations under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 and the Fisheries Act 1996.

0 In our day to day work we will act in ways consistent with our behavioural values, which are:

- Leadership - developing effective and innovative means to allow people to contribute to and support the Ministry to deliver on its mission;
- Relationships and people - developing, internally and externally, constructive and collaborative relationships built on trust;
- Working in teams - sharing information and knowledge through superior team work and networking;
- Achieving results - creating an organisation that encourages and recognises people’s contribution and dedication to the Ministry’s mission.

In order to achieve our goal while remaining true to our mission and values, the Ministry need to continually develop and maintain its organisational capability. This is the capacity of the Ministry to achieve its goals over time through the interaction of people, processes and infrastructure.

The Ministry can also make its contribution to maximising the value of fisheries resources, through fisheries managers ensuring that the administration of the management process is both effective and efficient.

Effective administration requires the employment of staff with the right skills and experience, together with information, and other management support, systems that enable decisions to be made consistently and accurately, and in accordance with relevant standards. In addition it requires communication systems that take advantage of technological innovation to inform

stakeholders and the wider public about the fisheries management issues, processes and successes.

Efficient administration requires the costs of meeting standards to be as low as possible, either by use of competition for service, or by use of benchmarking comparisons to ensure that best practice is being followed. It also requires that financial standards are set and complied with.

### ***Where is the Ministry today?***

The Ministry was established as a stand-alone agency with a sole focus on the fisheries in 1995, after being separated from the then Ministry of Agriculture and Fisheries. The Ministry commenced with minimum infrastructure and constrained resources. In the past five years new and expanded services have been funded by Government, which has resulted in the need and opportunity to review and enhance basic core infrastructure for the Ministry to operate. The 2005-06 year has seen the culmination of a range of strategic and significant investments in the organisation that include:

- Implementation of a feedback and complaints process for stakeholders to express their views and concerns in an objective way
- New records and document management systems and procedures to maintain historical records, and access to new information
- New external web site platform and content management systems to enable improved stakeholder access to fisheries and MFish information
- New core financial management systems
- Tangata whenua and stakeholder relationship management systems to support Ministry engagement with tangata whenua and stakeholders
- More structured workforce planning in the Ministry
- Consolidation of all the Ministry's Wellington CBD based staff in one building from early in the 2006-07 year, providing cost effective improved standard of accommodation that embraces sustainable environment practices, better meeting facilities, the opportunity to develop our culture with regard to such things as internal communications, and inter business group collaboration
- Significant upgrade and improved space utilisation of the Ministry's substantial Nelson office location
- Management and leadership development
- Improved individual development outcomes.

### ***Strategic organisational direction***

- The shift in the Ministry's strategic direction will lead us to realign and develop the capability required to take a stronger, more proactive leadership role in managing fisheries
- This will mainly be seen in our Fisheries Operations and International business groups, although our Sciences and Compliance groups will also play an important part in the process
- Following the implementation of changed senior management and governance arrangements in mid 2005, the realignment of the front line business groups began in October 2005. Initial work has been completed on designing three-year organisational development plan for the frontline Ministry businesses. The plan will use a business process improvement approach and incorporates staff development as the skills required in the organisational development plan are identified at the individual level. Better-integrated fisheries objective focussed systems and processes will be implemented over the coming two years as the transition to fisheries plans progresses.
- The Ministry is developing capability and improving flexibility through consultative change right throughout the organisation.
- The realignment on a national basis of the Compliance group began in late 2004 and continued in 2005 with the appointment of the Compliance Senior Managers team and the development of a career progression framework.

### ***Recruitment and retention***

Like most organisations, we strive to recruit, retain and develop the people we need to achieve our goals and deliver value while ensuring that we remain an attractive place to work.

This has become increasingly challenging due to the current tightness in the New Zealand labour market, strong wage pressures, increased union and employee expectations and continuing scarce skills issues in various specialised roles within the Ministry.

The Ministry is part of the ACC's Workplace Safety Management Practices scheme and is currently certificated at secondary level. There are 12 health and safety committees throughout the organisation, including one for Fishery Officers. The health and safety of frontline Fisheries Officers is a top priority for the Ministry and something we are continuously monitoring and improving on.

Ongoing realignment processes have seen the Ministry take stock of its existing capability and develop new capability as it provides an expanded range of services and moves closer towards sustainable fisheries management.

New skills in the areas of facilitation, communication and leadership will be required on that journey.

The need to provide more services in different ways has seen additional Pou Hononga customary relationship managers and Pou Takawaenga Extension Services Officers recruited, and the Office of the Chief Executive established to improve external relationship management.

The new staff have been carefully recruited and socialised into the Ministry to help them successfully contribute to the Ministry's goals.

In 2005 the Ministry made 106 new appointments to permanent positions, 34 of the successful candidates being internal applicants.

Our core unplanned turnover is currently 12%, which has been stable at this level for a number of years.

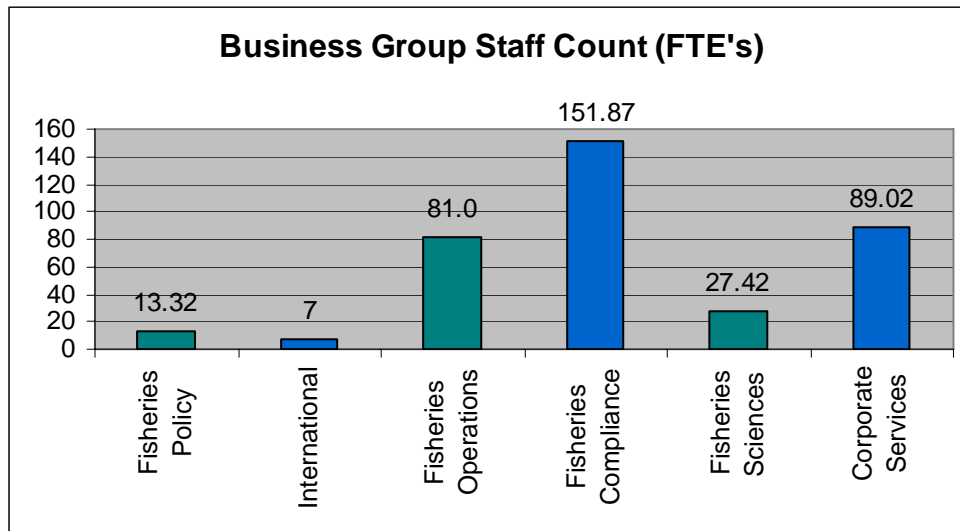
### ***Staff feedback on development***

The 2004 Culture Survey highlighted that staff are committed to the Ministry's overall goal and very positive about their working relationships with other staff they work closely with. Staff development was seen as a major issue to be addressed and this is being done through a number of organisational and business group initiatives.

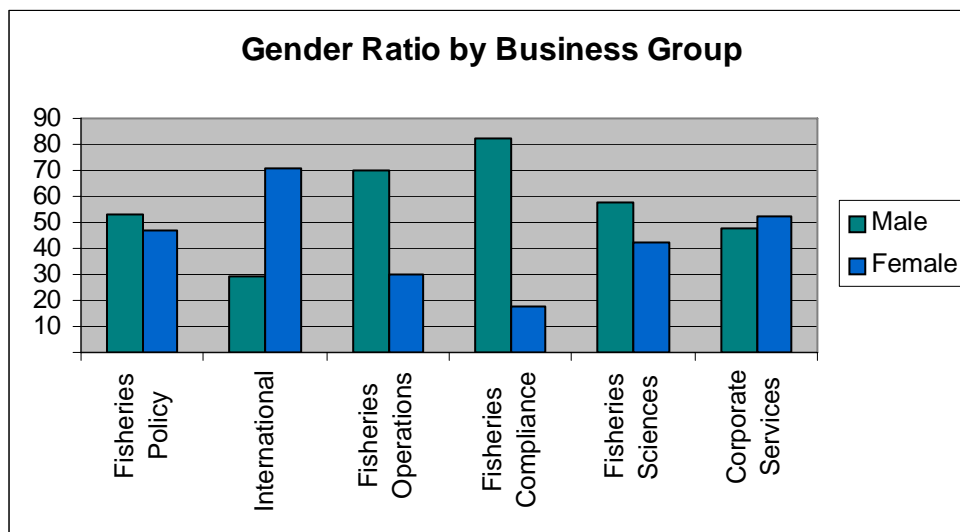
The majority of Ministry respondents to the 2005 SSC Career Progression survey rated us highly on providing challenging work, flexible hours, co-workers support, acknowledging good performance, freedom to use initiative, and a flexible/supportive approach to resolving work and family conflicts. On the other hand, the Ministry was not rated highly by the majority of respondents on feedback on career development needs, training and access to mentoring/coaching. This gap in staff expectations and our desire and willingness to invest in developing our people to the maximum potential is a management challenge for our managers in the next year.

### Human resources statistics

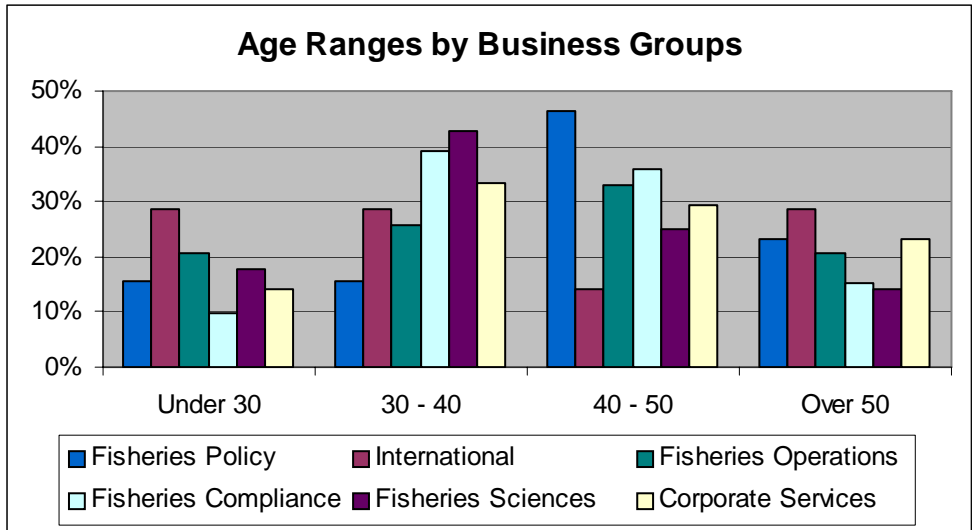
Statistics are as at 30 June 2005.



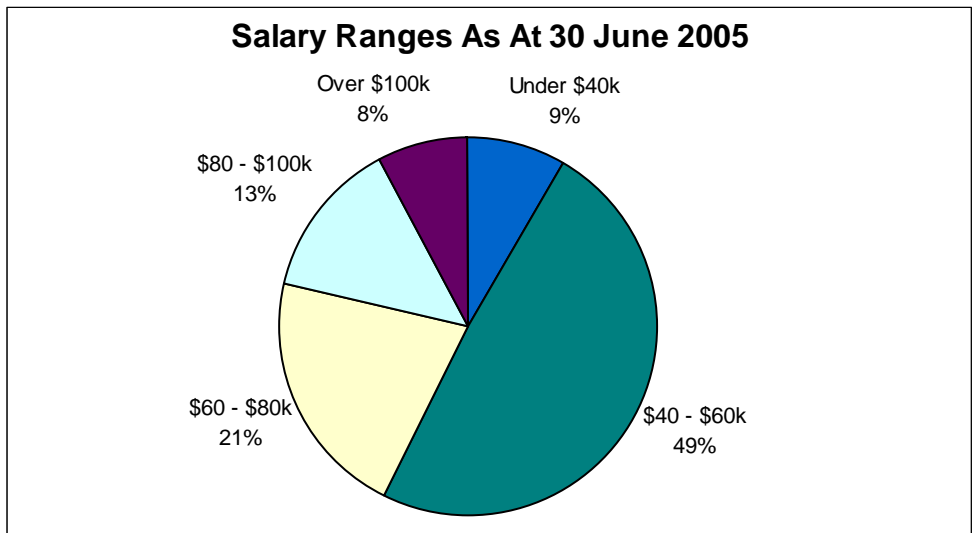
As at 30 June 2005, there was 370 permanent Full Time Equivalent staff.



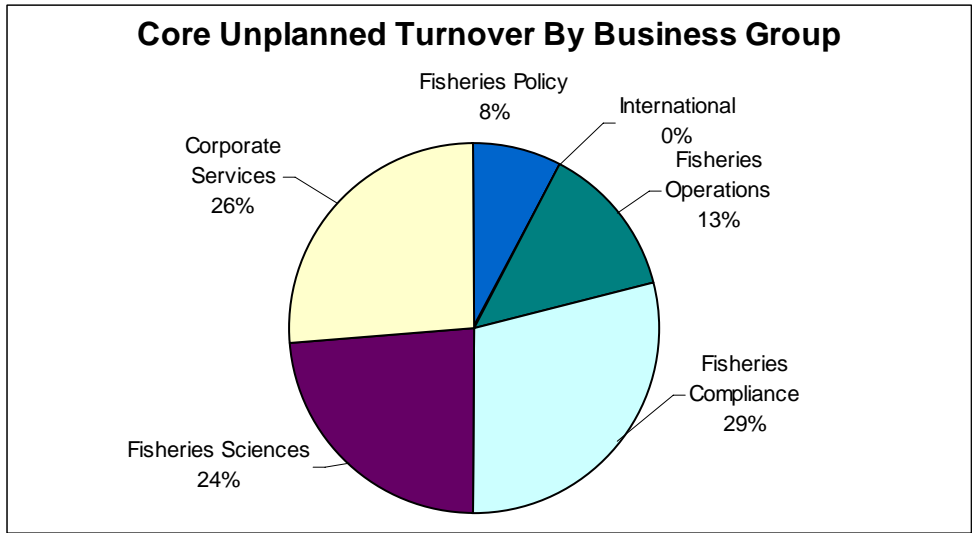
68% of staff are male and 32% are female.



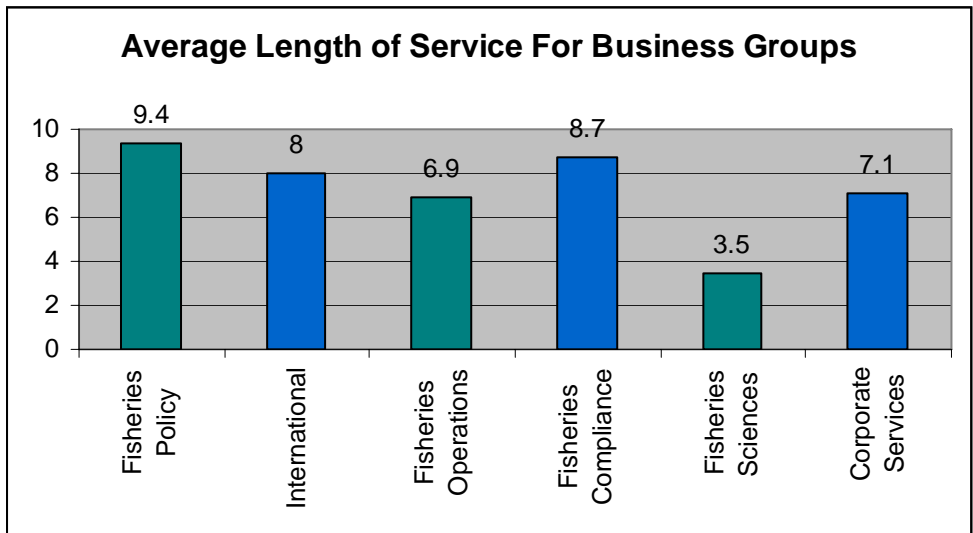
The average age of MFish staff is 40 years.



The average FTE salary of MFish staff is \$64,000.



Annualised Core Unplanned Turnover as at 30 June 2005 is 9.9%.



The average length of service is 7.6 years.

*The Ministry's 3-year key work programme for long term capability includes:*

- Strengthening Ministry capacity to meet standards and deliver organisational and fisheries objectives
  - Operate improved and better integrated processes for management of fisheries;
  - Recruiting, retaining and developing staff with the required skill and experience to enable objectives and standards to be met
  - Developing further measures to ensure the health and safety of all staff in their work environment
  - The design and delivery of a comprehensive staff capability development programme
  - Implementation of the career progression framework in the Compliance business Ongoing senior management development following assessments carried out as part of the 2005 formation of the Senior Managers Team;
  - Development plans for Compliance staff following assessments against new technical and behavioural competency standards;
  - HR planning for succession and development plans for key roles across the Ministry;
- Maintaining and, where necessary, improving organisational management support, information and finance systems
  - Operating finance, legal, human resources, information technology, information management and administration services
- Ensuring compliance with policies and standards that support organisational managers
  - 
  - Defining management processes and performance standards
  - Setting standards relating to working conditions
  - Ensuring that accountability for achieving performance standards is known for all processes
  - Ensuring that organisational management performance is monitored, evaluated and incentives are provided to achieve performance standards
- Ensuring that budget limits are not exceeded

### *State Services development goals*

The State Services Commission has established six challenging goals for the sector and the Ministry is working to achieve these goals within our organisation. This is being undertaken in a number of ways.

Goal 1: Employer of Choice – Ensure the State Services is an employer of choice attractive to high achievers with a commitment to service.

- Compelling reason for existence and overall goals
- Attractive working environments with diverse range of good people to work with
- Ample interesting challenges and encouragement
- Many learning opportunities
- Flexible working practices

Goal 2: Excellent State servants – Develop a strong culture of constant learning in the pursuit of excellence.

- Learning and development actively encouraged
- Continuous improvement culture encouraged

Goal 3: Networked State Services – Use technology to transform the provision of services for New Zealanders.

- We provide access to and will be significantly enhancing information and services through our website. Access to services through online media will increase over time

Goal 4: Coordinated State agencies – Ensure the total contribution of government agencies is greater than the sum of its parts.

- We interact with a number of other government agencies to develop and deliver services and rely on a number of departments for specific support in managing our fisheries

Goal 5: Accessible State Services – Enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.

- We are redeveloping our external websites to enable better-informed tangata whenua, stakeholders and members of the public
- We have introduced a feedback and complaints procedure to ensure that we are responsive to issues raised by external parties

Goal 6: Trusted State Services – Strengthen trust in the State Services, and reinforce the spirit of service.

- We have developed and launched our own MFish Code of Conduct with a strong focus on integrity
- Individual business groups have also developed their own values charters