

## **INCREASING THE CONTRIBUTION OF THE FISHERIES SECTOR TO THE NEW ZEALAND ECONOMY**

### **Proposal**

1 The Committee is asked to endorse a Government strategy for the New Zealand fisheries sector, and note a five-year plan of action to enable the Crown and the sector to make significant progress implementing the strategy.

### **Executive Summary**

2 The Ministry of Fisheries (the Ministry) has, at the direction of Ministers, developed a Government strategy for the entire fisheries sector to the year 2030 (EGI (09) 23 refers). This strategy, known as Fisheries 2030, is intended to provide certainty about the Government's goal for the sector, and to inform the Ministry's priorities in supporting the sector.

3 The strategy identifies a number of specific actions required to achieve the fisheries goal of New Zealanders maximising benefits from the use of fisheries resources within environmental limits. A number of these actions are already being undertaken by the Ministry and parts of the fisheries sector. Others will be commenced by the Ministry over the next five years, including the development of legislative reform options.

### **Background**

4 In March 2009 I reported to Cabinet on the findings of an independent review of the fisheries sector undertaken by PricewaterhouseCoopers (PwC). That review found that the sector, which includes aquaculture, commercial, amateur and customary fishing, has the potential to deliver significantly greater benefits from the use of fisheries resources.

5 In discussions that the Ministry and I have had with sector interests it is clear that what is missing is an overall strategy to bring current and new work together in a coordinated and sequenced way that is supported by stakeholders, provides direction, and allows sound investment of sector and Government resources.

6 Cabinet approved my proposal to have the Ministry work in collaboration with tangata whenua and fisheries stakeholders to build on the PwC report and confirm a shared direction and plan of action for the fisheries sector (EGI (09) 23 refers).

7 This paper reports back to Cabinet on that engagement and sets out a strategy and recommended actions to enable the sector to make a significantly greater sustainable contribution to the New Zealand economy.

## **Government strategy for the sector; Fisheries 2030**

8 Fisheries 2030 is intended to provide increased certainty about the Government goal for the fisheries sector, as well as informing the Ministry's priorities in supporting the sector to achieve that goal. It is a Government strategy for the entire fisheries sector to 2030, covering commercial fishing and aquaculture, as well as the interests of tangata whenua and all other fisheries stakeholders (a copy of the proposed Fisheries 2030 is attached).

9 The directional element of the strategy is made up of a long-term goal, outcomes and governance conditions, and values and principles.

10 Fisheries 2030 proposes that the long-term goal for the fisheries sector is New Zealanders maximizing the benefits from the use of fisheries within environmental limits. It elaborates on that goal by means of outcomes and governance conditions, which outline more specific fisheries management results, and conditions needed to achieve them, at national level. The outcomes and governance conditions thus provide the link between where we want to go (the goal) and how we will get there (the strategic actions). The values and principles proposed would guide management action at all levels.

11 The strategy includes a list of strategic actions that are required to make progress towards the goal, and which create the basis for value creation and improved environmental performance in the long-term. It will need to be amended over time to reflect the progress towards the goal, and changes in risk, resources and external conditions. The five-year plan of action is drawn from this list of strategic actions. The strategy will provide a guide for sector investment, and ongoing Ministry strategic planning, including engagement with the sector.

## **Sector support for Fisheries 2030**

12 The engagement process has shown that, while there may be a measure of agreement about the broad results desired from fisheries management, groups within the sector have their own views about the emphasis to be placed on particular aspects. The commercial sector has indicated a preference for improved economic performance, the environmental NGOs for environmental performance, and amateur fishers for stocks to be managed at greater levels of abundance. A submission was also made by the National Customary Fisheries Council (Te Kahui Maunga o Tangaroa) advocating the need to fully recognise customary interests.

13 The strategic direction proposed is focused on enabling tangata whenua and stakeholders to derive maximum benefit from the variety of sustainable uses of fisheries across the life of the strategy. In my view, the sector differences often concern the sequence in which reform might occur, the priority given to specific actions, or the language used, rather than a fundamental opposition to the goal or outcomes. Fisheries 2030 is a 20-year strategy, and not all aspects of it can be implemented simultaneously. Currently, greatest value gains are expected through enabling economic value creation and reducing costs, while maintaining the capacity and integrity of the aquatic environment and habitats, and ensuring that species are maintained at sustainable levels. The recommended actions for the next five years will reflect these priorities. I am confident the strategy proposed is resilient and will provide value for all New Zealanders.

## **Checking progress**

14 Despite some differences of view, engagement with the sector shows widespread approval of the concept of a sector strategy and the benefits of different parts of the sector working together. The Ministry intends to build on this goodwill by continuing the engagement with stakeholders, as needed, to implement the strategy.

15 The Ministry will also monitor, evaluate and report on progress against the outcomes and governance conditions. This will identify gaps in performance, and guide action to ensure the sector is being enabled to maximize the benefits available to it.

## ***Plan of action to implement the strategy***

16 Fisheries 2030 sets out a number of strategic actions to support the outcomes and governance conditions. Not all of these actions can be undertaken at once; there are insufficient resources to do so, and a number of them will fail to deliver the full potential of the sector unless undertaken in an appropriate sequence.

17 Drawing from the work of PricewaterhouseCoopers, the engagement with tangata whenua and stakeholders, and the Ministry's views on how the system could be improved, I have identified a number of actions ("Plan of action") that can be implemented in the next five years, to enable value creation consistent with strategy. I consider that this timeframe provides sufficient certainty to the sector to enable it to coordinate its actions with those of the government, while allowing later variation in response to changes in the external environment, and the results of monitoring progress in achieving the outcomes. The Ministry and parts of the sector are already working on a number of the identified actions.

18 The coordination of these actions will be achieved by increased reliance on the use of objective-based fisheries management planning. Government-set standards, including environmental standards, will be used to guide the development of management objectives for fisheries, and implementation of specific strategies to achieve them. The additional clarity and certainty about management aims, and responsibility for performance, will encourage increased investment by the sector, and enable transparent reporting to the wider public about the state, and value, of fisheries resources.

19 This approach also enables individuals to group together and take collective responsibility for achieving management objectives, relevant to their share of the fishery, where they can derive increased value from doing so. It thus allows, but does not require, groups to assume greater roles where they see benefits from doing so. The focus of collective responsibility is consistent with the Seafood Industry Economic Development Strategy, and with existing Government policy on reducing government involvement and allowing groups and individuals to shape and improve their own lives.

20 Where groups take up this option the government would monitor and enforce collective responsibility, but no longer supply the services delivered by the collective. Because of capacity and inclination it is likely that the commercial sector will seek to take initial advantage of this approach, but over time other parts of the sector could similarly act in a collective way. Enabling collective responsibility is not supported by environmental stakeholders, generally because of their concerns about potential impacts on environmental integrity, but I believe such concerns will be addressed by the requirement that all activity takes place within government-set standards.

21 The shift to providing for collective responsibility will require resolution of a number of issues, including how minority interests will be addressed in both the establishment and operation of the management entity; the means by which the collective will be held accountable for its environmental and other performance; and fully integrating collective and Crown management activity. It is my intention that the Ministry will engage with tangata whenua and the sector when developing advice on these matters.

22 The action plan is focused around seven areas where improvements could lead to significant additional benefit. Many of the actions are under way and will be the subject of increased focus over the next five years. The actions in italics are new areas of work and some may require legislative support.

1 Improving the management framework

- a. *Establish mechanisms to monitor Ministry and sector performance*
- b. Develop alternative stock management targets that ensure the sustainability of fish stocks
- c. *Addressing current technical legislation issues*
- d. Undertaking value for money reviews of regulatory administration and compliance services
- e. Review fisheries laws and regulations with a view to reducing compliance costs and improving effectiveness
- f. Determining best option for providing non-commercial fishing areas
- g. Implementing more efficient models for planning procurement and delivery of research and observer services
- h. *Improved specification of services*

2 Supporting aquaculture and international objectives

- a. Supporting environmental certification and implement product traceability certification for New Zealand fisheries
- b. Developing and implementing an international fisheries management trade and access strategy
- c. Implementing the government and industry aquaculture development strategies
- d. Aquaculture amendment Bill #2
- e. Aquaculture reform and input to wider RMA reform
- f. Promoting accountable governance at multi-lateral and regional level

3 Ensuring sustainability of fish stocks

- a. Set and implement fisheries harvest strategy standards
- b. Set and monitor environmental standards, including for threatened and protected species and seabed impacts

- c. *Enhance the framework for fisheries management planning, including the use of decision rules to adjust harvest levels over time*
- 4 Improving fisheries information
  - a. Determining best options for information collection on catch from amateur fisheries, including the implementation of charter boat reporting
  - b. Improve our knowledge of fish stocks and the environmental impacts of fishing through long-term research plans
  - c. Gain access to increased Research and Development funding
- 5 Building sector leadership and capacity
  - a. Developing more effective engagement with the sector and sector representatives
- 6 Meeting obligations to Maori
  - a. Seeking consensus on how to fully implement the fisheries Deed of Settlement and historical Treaty settlements
- 7 Enabling collective management responsibility
  - a. *Governance requirements for creation and operation of the management organisation*
  - b. *Powers to control and sanction agents and members*
  - c. *Accountability mechanisms to ensure performance by the organisation*
  - d. *Revised cost-recovery model.*

23 Many of the tasks, which will generate additional benefit, can be carried out within the current legislative regime. Statutory amendment is required to:

- i. Improve management planning by providing clarity and certainty about environmental limits and management objectives;
- ii. Specify the range within which stock management targets may be set; and
- iii. Enable collective management responsibility.

### **Time frame for legislative reform**

24 There is no need for urgent law change. The majority of changes proposed are not radical in nature, being more of an improvement and extension of concepts that are reflected to a greater or lesser degree in the Ministry, sector, and international practice. The provision for collective management responsibility is a significant change, and needs to be built on and integrated with a solid governance framework. The full benefit of reforms in this area will only be realised if they can be implemented in a practical and cost-effective manner, and I intend to work with the sector to achieve that. I propose to start work on reform options, including potential legislative amendment, and the Ministry will report to me on progress by June 2010.

### **Sector input to development of reform options**

25 The sector comment on the cooperative process by which Fisheries 2030 was developed has been largely positive, and there appears to be a commitment to continue sector-wide input to

strategic action, if possible. I consider that it is appropriate for the reform options to be developed through focused engagement with the sector rather than as part of a whole of public consultation process. Some, but not all of the groups involved in the 2030 process to date could be considered to have a mandate for the sector. I am of the view that those groups, together with relevant Government departments, provide a suitable sounding board for crafting workable reform. Engaging with tangata whenua on development of options will take into account implementation of the Treaty Strategy.

## **Consultation**

26 This Cabinet paper and the attached Fisheries 2030 report have been discussed with the inter-departmental Deputy Chief Executives natural resources reference group. Formal consultation has also taken place with the Ministry for the Environment, Ministry of Economic Development, Ministry of Justice, Ministry of Foreign Affairs and Trade, the Treasury, Department of Conservation, Office of Treaty Settlements, Te Puni Kokiri, Land Information New Zealand, the State Services Commission, and the Ministry of Agriculture and Forestry. The Department of Prime Minister and Cabinet has been informed.

## **Human rights**

27 The recommendations do not raise any particular issues in relation to the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

## **Legislative implications**

28 This paper has no immediate legislative implications.

## **Regulatory impact analysis**

29 The Ministry's Regulatory Impact Analysis Review Committee considers that a Regulatory Impact Statement is not required at this stage.

30 This is because the Cabinet paper makes no direct legislative change.

## **Publicity**

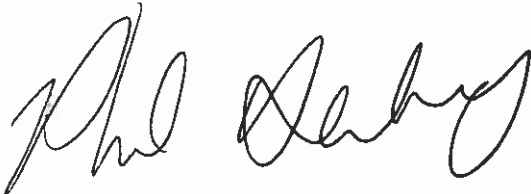
31 Subject to receiving Cabinet approval to proceed, I will release the Fisheries 2030 Strategy and this Cabinet paper, and issue a public statement. This statement will acknowledge the Government's view that the contribution of the fisheries sector to the New Zealand economy could be significantly improved by establishing an enabling management framework to strengthen the incentives for investment, while ensuring that all use takes place within environmental limits. The statement will also announce that a proposed Government strategy (Fisheries 2030) covering the New Zealand fisheries sector has been developed and that the Ministry will continue to engage with the sector on the ongoing implementation of the strategy.

## **Recommendations**

32 It is recommended that you:

- i. **Note** that following discussions with stakeholders and tangata whenua, a proposed Government strategy (Fisheries 2030) covering the New Zealand fisheries sector has been developed;

- ii. **Agree** that the goal, outcomes and governance conditions, and strategic actions list in Fisheries 2030 be used to set priorities for use of fisheries resources over the next five years, in order to significantly improve the contribution of the sector to the New Zealand economy;
- iii. **Note** that the Ministry will continue to engage with the sector on the ongoing implementation of the strategy;
- iv. **Note** that the Ministry and parts of the sector are already working on a number of actions to achieve the Fisheries 2030 goal;
- v. **Agree** that the Ministry develops reform options to improve the fisheries management framework by:
  - a. Improving fisheries management planning by providing clarity and certainty about environmental limits and management objectives;
  - b. Better specifying the range within which stock management targets may be set; and
  - c. Enabling collective management responsibility; and
- vi. **Note** the Ministry of Fisheries will report to the Minister of Fisheries on the work undertaken under Recommendation v, including any potential legislative amendments, by June 2010.



Hon Phil Heatley  
Minister of Fisheries

18/08/2009