

**NZ PAUA INDUSTRY COUNCIL CONFERENCE
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CHRISTCHURCH**

**Speech notes for the Address by John Glaister,
Chief Executive of the Ministry of Fisheries**

“The Ministry and the PAUA Industry – “Looking Ahead”

Good morning, and thank you for the opportunity to speak to you and I would particularly like to thank Jeremy Cooper and Ed Aaron for today's invitation. They are both good advocates for your industry. I am pleased to be able to share with the paua industry my thoughts on the future for New Zealand fisheries management.

I took up my position as Chief Executive of the Ministry of Fisheries in December last year. I've worked in science, fisheries management and administration in Australia and it would be fair to say I have a life-long passion for fisheries. I'm excited to be here in New Zealand and taking up the challenges of leading the Ministry and building upon New Zealand's world-class fisheries management system.

I am encouraged by the theme of your conference. “Looking Ahead” to me is reflective of a progressive industry sector, and one that wants to succeed.

I'd like to focus my talk today on where I see fisheries management in New Zealand going and then perhaps reflect briefly on some Australian experiences.

I'm going to outline views on the following issues:

- The Ministry's new **Statement of Intent**, including
 - Desired outcomes
 - Better engagement with New Zealanders, and
 - Fisheries plans;
- The **Strategy for Managing the Environmental Effects of Fishing**; and

And I will touch on

- The **Aquaculture** Initiatives, and
- A little about **Australian Abalone/Paua**

The Ministry of Fisheries' Statement of Intent is a key document, approved by government. It sets out the Ministry's strategic direction over the next three years and specifies what we will do from July 2005 to June 2006.

It is the main accountability document for the Ministry, at both the direction we want to go as well as how we will do it. It clearly and transparently sets out the approach we will take to managing New Zealand's fisheries and how that will affect your fishing operation. The new Statement of Intent is available on the Ministry's website, along with the Ministry's responses to all submissions received on the draft Statement of Intent.

Outcomes

The overall fisheries outcome for the Ministry of Fisheries is to: *“Maximise the **value** New Zealanders obtain from the **sustainable use** of fisheries resources and **protection** of the aquatic environment”*.

Value to New Zealanders is widely defined. The dollar value of a thriving seafood industry is one aspect. Other types of value are recognised, including the cultural value to Māori of sustainable aquatic resources, the value of recreational fishing, and the value gained from having fish in a healthy aquatic environment.

This year, the Statement of Intent identifies four **contributing outcomes** that support the overall fisheries outcome. The contributing outcomes are:

- The **health of the aquatic environment** protected,
- People are able to realise **best value** from the sustainable and efficient use of fisheries,
- Crown **obligations to Māori** with respect to fisheries are delivered, and
- **Credible fisheries management**.

I wish to expand briefly on each of these in turn, and outline the significance we believe these outcomes have for the future direction of New Zealand fisheries management.

Protecting the **health of the aquatic environment** is critical. We cannot have a thriving seafood industry unless we ensure the sustainability of fisheries resources is not at risk. We will need to work in consultation with you and other interests to determine the limits of acceptable human-induced change, and ensure these limits are not exceeded.

Within limits set to ensure sustainability, it is desirable that New Zealanders obtain the **most value** from our marine fisheries resources. Where practical, market mechanisms should be used to allocate access to fisheries resources.

Commercial rights are tradeable under the QMS, and it is assumed that those who value commercial fishing rights the most should be able to buy them. The government’s role in allocating fisheries resources within the commercial sector is now minimal. We do not expect this to change.

However, there is currently no mechanism for people to adjust levels of access to fisheries resources between sectors. Better specification of the rights in the non-commercial sectors, and ways to integrate those with commercial rights, would help to ensure best value is realised. This area is priority for the Ministry.

In the short term, the Ministry’s primary role in allocation is to help tangata whenua and other interest groups to work together to identify how they want to maximise value from a fishery – including through allocations between sectors. The Ministry will work with all interested groups to develop objectives. However, the Ministry is ultimately responsible for providing advice to the Minister.

The third contributory outcome relates to **Crown obligations to Māori**. The Ministry recognises the status of Māori as tangata whenua, and will deliver on its obligations to Māori with respect to fishing by implementing our Deed of Settlement obligations.

We will work to establish and maintain effective relationships with tangata whenua. Regional forums will be the main way we will interact. The Ministry also has implementation responsibilities under the recent aquaculture settlement, and fisheries-related obligations arising from settlements with individual iwi.

The fourth contributory outcome is **credible fisheries management**. We feel that fisheries management needs credibility in the community.

Effective management of fisheries needs credible management frameworks, and a credible Ministry, particularly for encouraging **voluntary** compliance with fisheries rules. Tangata whenua and all interest groups need to know that the information on which decisions are made is robust, that decision-making processes are effective and fair, and that decisions are properly implemented. The Ministry is making changes to some of its systems to ensure that it can do a better job in this area.

Effective engagement with tangata whenua, and all interest groups, other government organisations and the public in the management of fisheries is another important factor in credibility. We are putting more effort into relationships and communication.

Better engagement

The Ministry of Fisheries' Statement of Intent this year sets out a change in the way the Ministry intends to engage with its stakeholders, including the seafood industry. The Ministry will take on more of a leadership role in the fisheries sector and work more closely with the wide range of interested parties who want to participate effectively in fisheries processes. The success of the Joint Paua Industry Fishery Working Group is an example of what I mean.

This means you will see changes in the way we do things. I am committed to the Ministry providing real opportunities to engage in a positive way with all of its interest groups – the commercial and non-commercial sectors, large companies and owner-operators. The Ministry will be more accessible and interactive than in the past.

This does not mean that we will intervene in every aspect of your business. We still believe the government should only intervene where necessary. Minister Hodgson clearly stated this again at the SeaFIC Conference when he said "Industry solutions where possible but regulation when necessary." The Ministry's role will include establishing improved management frameworks, setting standards, undertaking statutory and regulatory functions, ensuring the integrity of the fisheries management regime and managing for provision of services to support these functions.

We will be looking to engage with commercial fishers to discuss issues of concern and options for constructive resolution. Much of this will be built around statutory processes, such as the sustainability measures round, and research planning.

Fisheries Plans

One of the major initiatives that the Ministry will be progressing, particularly through multi-sector forums, is the development of fisheries plans. These specify the

objectives that government, tangata whenua, and other interest groups want to achieve for specific fisheries. They also cover associated implementation strategies and services, including research, regulations, and compliance, to achieve the objectives. These plans will replace the stock strategies that were proposed in previous Ministry documents, and will be progressed for approval by the Minister under s11A of the Fisheries Act.

Fisheries Plans will be Ministry-led and build on the lessons we have learned so far. Industry and Ministry experience to date, plus the feedback we had from you on the draft Statement of Intent, has made it clear that Government needs to work more closely with all interest groups in management planning. Government working together with interest groups is the best approach to develop the objectives that will drive fisheries management interventions and services for a fishery.

Many fisheries management issues, particularly in the inshore area, involve a range of different interests. It will be necessary for fisheries interest groups to work together. Effective multi-sector engagement is challenging. **But it reflects real life.** Putting a range of perspectives and values on the table encourages an understanding of what is important to different people. Not that this means that agreement on objectives will be easily reached – but the Ministry may be in a position to build better agreement among users. The Ministry will still be ultimately responsible for advising the Minister. But we believe that greater participation means greater understanding and ownership of the problems and solutions.

The Ministry does, however, have limited resources. It will not be possible for Ministry staff to work with every interest group to develop management plans all at once. Nor will it be possible to develop management plans for every fishery – at least not within the next few years. I recognise that interest groups, including the commercial sector, also face resourcing constraints. We collectively need to be smart about how we use the resources we have available to us.

Flexibility will be provided regarding how objectives can be achieved. The initiatives of others to add value to fisheries will be encouraged. I acknowledge that there are a number of commercial and other interest group-led initiatives in place or under development. Aspects of some of these have already proven successful, including rock lobster management and the Guardians of Fiordland work. Others are still in the development stage, like that of Paua 7 to be discussed by Kim Drummond later today.

Interest group-led initiatives may be incorporated into Ministry led management plans, **or be progressed independently**. Some may be approved as fisheries plans under section 11A of the Fisheries Act where they require the involvement of government in implementing management measures or providing services. I commend those of you who have devoted considerable effort to these initiatives, and encourage you to think about how your efforts can best be progressed within the approach outlined in the Statement of Intent.

Adding value / GIF

I am aware that the industry is continually looking at ways to increase value. The Paua industry is well placed to witness the globalisation of markets and demands for

higher standards-for example product traceability and environmental performance. Government can assist in providing a platform to achieve continued growth and innovation in the fishing sector.

At this point I will mention two initiatives that will be of interest to you. Firstly **cost recovery**. The Ministry is committed to a review of the cost recovery rules to ensure they are consistent with the principles in the Fisheries Act. The review will also take into account the importance of having incentives related to achieving good fisheries management outcomes. The second initiative relates to **deemed values**. The Deemed Value Working Group involving Ministry and industry representatives has completed their report, which the Steering group have approved. We are in the process of co-signing a letter to the Minister. Based on his approval in principle, we can initiate the next stage of engagement with wider interest groups.

Consistent with the Ministry's commitment to the Government's Growth and Innovation Framework, and providing the increased leadership in the fisheries sector signalled in the SOI, in April this year I convened an Aquaculture Forum in Wellington to bring together the key players in this sector. The aim was to get everyone in the same room at the same time to facilitate discussion on the development **by industry** of an Aquaculture National Sector Strategy. The feedback I received was that all attendees, from industry to local government, found the forum extremely useful. Further discussion occurred at the SeaFIC conference. We will also be putting more of our efforts into promoting within Government and to the New Zealand public, the contribution by the fisheries and aquaculture sectors to the New Zealand economy and society.

Environmental performance

To move onto 'environmental matters', in April 2005 the Minister of Fisheries, David Benson-Pope, approved the Strategy for Managing the Environmental Effects of Fishing. The strategy will clarify our obligations to manage the adverse effects of fishing on the marine environment through the development of environmental performance standards.

I commend the efforts of most of the industry in respecting the environment that we depend on. But I think we can do better. It is imperative that adequate steps are put in place to sustainably manage the marine environment. The consequences of not doing so are simply too large, both for the industry and the Ministry.

The Ministry will be placing an increased focus on improving the environmental performance of fisheries. We intend to work together with all interest groups to establish clear outcomes and standards for fisheries and the effects of fishing on the aquatic environment. The environmental standards will be designed so as to provide fishery managers and fishermen with flexibility in how to achieve the standards. In my experience, the fishing industry can be very innovative in coming up with ways to minimize adverse effects.

All interest groups had input to the development of the Strategy for Managing the Environmental Effects of Fishing. I want this involvement to continue through the implementation phase. I strongly encourage you to be involved in the standard

setting processes that will commence in the short term and then be developed progressively over the next few years.

While we are on the subject of things “environmental”, I wish to briefly discuss marine biodiversity protection issues. The Ministry will continue to work with the Department of Conservation and other agencies to develop a Marine Protected Areas Policy. The objective of the policy is to protect marine biodiversity by establishing a network of MPAs that is comprehensive and representative of New Zealand’s marine habitats and ecosystems. Following a period of consultation, officials are working to finalise the policy. Within the constraints of the separate statutory frameworks and government policy on biodiversity protection, we are working to develop an **objective and transparent science driven approach** to biodiversity protection that seeks to **minimise impacts on current users** and prioritise implementation **based on risk**.

December 2004 saw the passage of the **aquaculture reforms**. The new legislative regime for aquaculture provides an improved way of managing the competing interests for coastal space. As I noted earlier, I see a bright future for the aquaculture industry in New Zealand. The aquaculture reforms provide a sound basis for marine farming to grow in a sustainable manner that considers the many competing interests.

Implementation of the reforms is a big task, but one that the Ministry is committed to playing its role in. We have been sharing the information we hold with Councils to assist them in their role. We have also been working to implement the Māori aquaculture settlement.

Of particular interest to commercial inshore fishers is the new way in which the aquaculture reforms deal with the potential conflicts between commercial fishing and marine farming. The Ministry of Fisheries is still responsible for deciding whether a proposed aquaculture management area will have an **undue adverse effect on fishing**. This decision maintains the integrity and benefits of the rights-based fisheries management system. It ensures the Crown delivers on its Treaty settlement obligations to Maori. It protects fishers’ existing use and access rights.

The undue adverse effects test looks at the likely effect of a proposed aquaculture management area on commercial, recreational and customary fishing. The extent and type of fishing at the site is assessed. We are also required to take into account the cumulative effects of existing marine farming developments in the area.

The undue adverse effects test must be made using the best available information, and the Ministry must consult with commercial, recreational and customary fishers. Any areas within the proposed aquaculture management area that would unduly affect customary or recreational fishing will be removed from the aquaculture management area.

But the aquaculture reforms do provide a way for marine farming to proceed in areas where there **is** undue adverse effect on commercial fishers. However, the rights of those commercial fishers are protected. Anyone wanting to establish a marine farm in places where there is an undue adverse effect on commercial fishing **must first reach an agreement** with the affected quota holders. They cannot apply to

undertake marine farming unless they reach agreement with the affected quota holders. This mechanism has been built into the legislation to protect fishing rights, and to enable the highest value to be obtained from the use of coastal space.

Australian Abalone

You probably know more about Aussie Abalone than I do, so I was going to confine my comments to what I learned from an involvement with Ab Divers in NSW. The fishery started as an **open entry fishery**. Up until the 1970s, you paid your \$2 and you were a diver. The 1976 market collapse resulted in a Parliamentary Select committee recommending a then radical policy shift to **closure to further entry**. Participants were invited to apply and the definition of tight commitment criteria caused a reduction from over 100 to 59 permit holders (numbered 1-59), which were non-transferable. The Department commissioned a costs and incomes report, which recommended 29 divers as an ideal number the fishery could sustain, based on a "fair income".

Successively increasing size limits (100, 108, 111, 115mm) were bought in without notable impact. In 1985, a scheme to allow the transfer of access rights under a "two out one in" basis was introduced. In other words, new entrants were required to find two permit holders who were willing to surrender their permits in favour of the new entrant. These permits would then be cancelled and a new permit issued and numbered to reflect the "consolidation" of the "original" permits (eg Permit # 3,45). Thus previously non-transferable permits became tradable and new entrants secured large loans in order to secure access. Effort increased to service debt.

During the period 1985 and 1989, 24 "original" permits had been surrendered to create 12 "consolidated" permits. Of those, 7 "consolidated" permits had been traded, some more than once (on a 1:1 basis) during the same period. Catch rates continued to drop.

In 1989 a quota system was introduced. **The TAC was divided equally amongst all permit holders**. In 1990 an industry funded (through a \$1.32 m loan) "buy back" scheme retired a further 4 "original" permits. By 1994, numbers had reduced to a total of 37 divers, 18 holding "consolidated" and 19 holding "original" permits.

NSW had adopted a similar legislative model to that of NZ, so called Share management, which, following an intermediate step ("restricted fishery") an equal proportion of the TAC would be allocated to each diver through issuing 100 shares in the fishery. I was appointed in October 1995 and the fishery was to move into Share Management in February 1996.

The 2:1 had been contentious since quota was introduced in 1989. The formalising of the ownership through moving to share management bought it to a head. The two camps were bitterly divided over perceived inequity during 1996-99. Disallowance of enabling regulations was followed by litigation and drawn out court action, all of which was subsequently unsuccessful. What was the lesson in all of this?

Hindsight is a wonderful thing as we all have 20:20 vision. There was no strategic thought in all of this, just patch up solutions. Were there good elements? Yes. Except for the 2:1, divers collaborated on research (differential growth rates,

reseedling, *perkinsis* disease impacts, ecology, fishery-independent surveys), management and compliance (nominated divers, air and health issues, fish theft, organised crime, advocacy on behalf of divers). It was this collaborative approach to management that has endured for me.

Conclusion

I look forward to working constructively with you on the management of New Zealand's fisheries. The Ministry of Fisheries is shifting its focus to develop an objectives-based approach to fisheries management. We will work with interest groups to develop fisheries plans and to facilitate growth and innovation. We will also be placing an increased focus on the environmental performance of New Zealand's fisheries.

What are the things have I picked up on in your industry?

- Council - you are talking
- Research - willingness, N. Andrew's work, continue
- Compliance - fish theft, increasing loss from TACC
- MPAs - Mfish top take role
- Aquaculture/reseedling - legal difficulty

I hope that you share my enthusiasm for the future direction of fisheries management in New Zealand. I encourage you to take the opportunity to become involved in these new and developing initiatives in the fisheries sector.

Kiaora