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**PAUA INDUSTRY COUNCIL – UPDATE TO THE INDUSTRY JUNE 2009**

It's that time of the year when PICL traditionally updates the industry on what has been happening over the last year and does a bit of crystal ball gazing to see what might be coming up. This report also serves another purpose in that we have tried to cover the majority of what PIC has been up to – this means that at your PauaMac AGM you can concentrate on matters of interest in your own region because you will already have a good understanding of what is happening nationally.

**Introduction**

This years round of Pauamac annual general meetings will be overshadowed by the unprecedented market situation we as an industry face.

The 2008 -2009 season has to be the most difficult the paua export industry has experienced, but in the context of the worst global economic downturn seen in more than a generation we should hold up better than many.

We are probably better placed because our main export market, China, is almost certain to be the first major economy to recover from this recession. The Chinese government roll out of its US\$588 billion stimulus package this year shows its determination that this will be the case.

While indications are that any real recovery is still a year or so away, recover the market will, and when it does we need to be in a position to scoop the benefits.

Amongst the good news is that we finally have in place a government keen to help us do just that.

In speeches to the recent Seafood Industry conference Prime Minister John Key and Fisheries Minister Phil Heatley both expressed a commitment to ensuring that MFish would support fishing industry efforts to maximise the economic benefits achievable in our fisheries, within environmental limits. John Key stated that the government recognised quota as a private property right, something we haven't heard from officials in some time. A quote from new MFish CEO Wayne McNee:

***The Ministry will work with fishing industry representatives to identify:***

- *opportunities to reduce fishing industry costs, government imposed or otherwise;*
- *opportunities to improve efficiency of the Ministry's delivery of services to the industry;*
- *opportunities for government to further assist the economic development of the fishing industry; and*
- *the effectiveness of some MFish processes supporting fisheries management systems.*

We also know that this administration is committed to sorting out the mess that spatial conflict, customary and recreational has caused. So, good reasons to be optimistic for the future.

We have a window of opportunity to properly develop how we manage our fishery with a supportive political climate and a well organised industry. All it needs from us is a bit of commitment and work.

PIC looks forward to the challenges ahead.

### **PICL Budget**

Early indications are that most, if not all, Pauamacs will be either freezing or reducing their projected budgets for the coming year. The PIC board has decided to hold the organisation's budget at last years level despite an increasing workload.

This years PIC budget will again amount to about 0.6 of 1% of beach price.

There will need to be a prioritisation of effort to work within that budget , to that end the PIC board will meet after all the AGMs are completed to draw up a prioritised work list for the coming year.

Amongst the priority items will be regulatory changes required by each Pauamac, you will be asked at your AGM for instructions on what you see as the most important regulatory changes you would like us to tackle with MFish so have a think about what might be needed in your QMA and bring it up at the meeting.

### **Enforcement**

PICL have developed a healthy relationship with MFish enforcement and this has greatly assisted MFish recognizing that the industry can provide support in helping to stem the illegal activity. Highlights include:

- PICL has produced a generic "brief of evidence" that will be a standard document that MFish can use in any fish thief case. JC meet with Pau2 fish cops recently and they have asked for a minor alteration to this document so that it can be used in a pending prosecution.
- PICL were briefed 2 weeks prior to the Operation PAID going public and were invited to attend the "big bust day". PICL worked with MFish preparing media releases giving Industry support for MFish efforts and background briefing papers for MFish enforcement to use for prosecutions (results - a number of fish thieves sentenced to jail terms, more to come).
- Over the last 6 months PICL has stepped up its efforts to get the Joint Industry / MFish Working Groups recommendations carried through. We are confident that Cabinet should approve the PIC promoted regulatory change involving recreational take accumulation defence. As all are aware there is no effective limit to the number of paua a person is allowed to be in possession, of as long as that person can satisfy officials that the catch was taken over a number of previous days. This defence has been abused in the past and needs to be sorted out. It is likely that the new accumulation limit will be either one or three day's bag limit depending which argument the Minister goes with.

- In tandem with this change to regulations the number of paua allowed to be taken out of the country will be similarly capped. This will stop the widespread abuse of what has been a longstanding loophole.
- PICL produced an industry submission supporting Enforcement Officials having blue flashing lights on their vehicles that can be used when they pull over or stop someone.
- PICL has been working with the MFish forensic science group to enable the identification of the approximate location that paua meat recovered from fish thieves has come from (using DNA profiling). Paua samples from 40 sites around the country have been sourced for this project (including non commercial areas) and a PhD student has developed ways to produce paua DNA profiles. This thesis has been expanded into a larger project which PICL have won and have sub contracted the work to the University of Otago. PICL are still involved in the administration and reporting of this project.
- PICL have also been working with MFish forensics to identify and prove up ways of calculating the shell length from paua meat. This will strengthen prosecutions if illegal paua can be proven to be undersized as well. PICL has organized a few divers from each QMA to supply fresh samples (all at exactly 125mm) from a wide number of areas to build up an archive.
- PIC and others lobbied strongly for retention of, or better still, increases in the number of fish cops through the upcoming MFish restructuring. Our view is that while strong penalties are a deterrent to poaching the real deterrent comes from increasing the chances of being caught through bigger enforcement effort. The Minister has signalled that this will be happening.
- PICL have organised a questionnaire that went to all paua meat exporters and the replies to that have provided MFish with register of legitimate paua exporters to help focus attention on illegal operators (the Govt system didn't allow MFish to identify which were the main exporters of paua products).
- PICL regularly pass on feed back from the market place and the Australian abalone industry to MFish. As an example an in-depth analysis of the illegal market was presented to the 4<sup>th</sup> National Australian Abalone Conference (Sept 2008) which identified 400 tonnes of illegal product landing in the market place from NZ. Add to this the internal sales of illegal product within NZ and it demonstrates we still have a significant problem on our hands and that the battle is far from over.

We anticipate a closer working relationship with enforcement in the future. At the recent Seafood Industry Conference MFish enforcement officials outlined how they see enforcement being structured. Briefly the approach to the task will be graded into 4 levels of work activity: 1 – voluntary, 2 – assisted, 3 – directed and 4 – enforced.

These describe the continuum from officers informing and educating fishers [voluntary] through to inspecting, enquiring, analysing and prosecuting (enforced). PIC will be supporting MFish efforts towards even more effective enforcement of Fisheries laws.

## **Bio-security.**

- PICL have been monitoring the Australian AVG situation (Tasmania, Victoria and South Australia (Sth Australia was similar to the Tasmanian scare but without the media). PICL receive weekly updates and passed these on to the relevant entities (PauaMac's, MFish scientists, Bio-Security NZ, Abalone Farmers Ass etc).
- PICL triggered a check of border staff efficiencies (JC got the once over when coming back from the Aussie conference) to make sure they are up to speed on profiling and checking risk category passengers. All the MAF staff knew about AVG and what to look for which is a vast improvement on 10 months ago.
- PICL are involved with ongoing work with MAF vets / Bio-security NZ to provide adult stock for an AVG diagnostic test development.
- PICL has been involved in organising a number of adult paua to go to Australia for AVG susceptibility trials
- PICL are involved in developing protocols for Pau5A Fish-Plan to prevent bio-security breaches in Fiordland.
- Similarly with Pau4. PICL have been instrumental in getting the Chatham's Council primed and ready to react if AVG gets to NZ.
- Disease testing of juvenile paua for our reseedling programmes is currently done in Australia. We are working with the Cawthorn institute to have them take over this testing regime. This will also provide a second tier of diagnostic expertise in the case of any suspected disease outbreaks.

## **Fish-plans**

All QMAs are scheduled to have fish plans developed for them as a Ministry requirement.

PICL is putting a large amount of resources into getting the first ones right in an effort to have good templates for future paua plans which should save a great deal of resourcing. The Pau5A process has been running for 18 months and it is now on hold while MFish goes through the current re-organization. The Pau4 Fish Plan process has started and PICL are getting involved at the start of this process. Our intention is to greatly simplify how fish plans are developed which aligns with MFish thinking in that the process needs to be simplified.

PICL's focus is on making sure that industry continues to be comprehensively involved in managing our paua fisheries (with the support of MFish). PICL believes that fish plans are an important mechanism to do this.

The Fish Plan process has started in Pau4 – this plan is a little different in that it will be a community driven plan covering all species. PICL have been involved with this process to ensure that it doesn't get hijacked and lead down the wrong path.

PICL have produced an appendix for Pau7 industry lead fish plan (jointly paid for by PICL / PauaMac7). This appendix documents management tools and their suitability for use in Pau7. Other PauaMac's will also benefit from this document.

## **Stock assessments**

PICL have attended all shellfish working group meetings on behalf of the industry. Recent projects include:

- The Pau2 and Pau3 characterisation projects – these are now in draft form and NIWA are working to finalise these.
- The Pau4 and 5D stock assessments tenders increased in price dramatically from previous assessments (the tenders were for \$355K in Pau4 and \$315K in Pau5D). Relating this to Pau2 it would mean that a Pau2 stock assessment would cost quota owners between \$2600 and \$2933 per tonne. PICL canvassed to have these tenders rejected and for these projects to go back out for re-tendering. MFish agreed and PICL did a large amount of spade work to get another entity to also tender (so it wasn't a one horse race). The result of the re-tendering is not known at this stage but it is anticipated that the winning tender will be lower than the first tender round. Having another entity competing will ensure "sharpening of pencils" for future stock assessments.
- PICL has been in discussions with Mfish concerning the over commitment by NIWA on stock assessments. Our input has meant that Pau5A has been prioritised over Pau5D. Pau5D assessment is now to be put back a year, this obviously puts off the cost to 5D quota owners for at least a year.

### **Reseeding**

The only Pauamac without a reseeded project is Pau2. This year we have tried without success to recruit a suitable person to take on overall co-ordination of reseeded efforts. We strongly feel that there is a lack of cohesion between the various projects and would like input on how to deal with this for the future. However PICL continue to support PauaMac's on their reseeded projects including:

- Meeting with hatcheries around NZ to scrutinize their capacity and potential to deliver.
- PICL have developed a generic contract that PauaMac's and hatcheries can use for the supply of seeds. This is already being used by 2 hatcheries.
- Work to get Cawthorn to take on disease testing work to save Pauamac's time and money.
- Informed MFish officials about the scale and future potential for re-seeded with a view to getting regulatory assistance with future management options including sub MLS harvest of reseeded paua.

### **SeaFIC Policy Council meetings**

PIC have attended all SeaFIC Policy Council meetings this year and have pushing generic paua industry interests including:

- Developing a Crown buy back and retirement of quota scheme (to off set mataitai and Marine reserve effects).
- Pushing for all Matiatia applications to go to the relevant working groups to assess potential sustainability issues and the triggering of the prevent test.

### **Mataitai.**

Over the last couple of years the issues of loss of coastal access through mataitai applications and the MPA process took over from illegal and black market fishing as the biggest threats to fish-stock sustainability. These issues have been costly in resources, time and money for PIC and all Pauamac's. Worse they have undermined a great deal of confidence in the integrity of the Quota Management System.

They have not gone away but work, at the ground level through individual submissions and engagement with hapu and rununga, and at the political level appears to be paying off.

Phil Heatley has indicated that he doesn't want to make decisions on existing applications unless issues can be sorted out between the parties. He has directed MFish liaison staff to stop promoting mataitai reserves. We don't see that the current process is benefiting anyone. PIC considers that it would be timely for a review of the customary fishing regulations (and the mataitai provisions in particular) to be undertaken so that customary food gathering can be provided for in a way that meets the needs of hapu and iwi but does not result in conflict with existing commercial fishing rights. We are hopeful that the idea of a review will gain momentum and support from industry, Maori, and government, given the obvious benefits for everyone of working collaboratively to fix the problems with the mataitai process.

### **Work undertaken by PIC includes**

- PICL liaises with PauaMACs, SeaFIC and private contractors on all current mataitai submissions.
- PICL are pushing hard to get analysis of displaced fishing effects taken away from Spatial Allocations and given to MFish science working groups. This will make triggering the "prevent test" far more certain – for both individual applications and the cumulative effect of applications. PICL have canvassed MFish scientists and they support our stance. PICL have requested a meeting with Jonathan Peacey to try and get some action on this.
- PIC has developed a procedure using surplus production minus total extractions and allowances to demonstrate when a prevent test could be triggered by displaced effort. Pau7 used this in the recent West Coast mataitai submission.
- PICL have done presentations to a number of Iwi to try and get pre application discussions done so a compromise can be reached.

### **Regulation changes**

As outlined in previous newsletters PIC has put a lot of work into getting through several regulatory changes. The changes concerned are:

- change from green-weight to meat-weight basis for quota in Pau4
- Removal of the accumulation defence for recreational paua catch by setting a maximum number of days catch a recreational can have in their possession at any one time. PIC submitted that this should be limited to 1 days catch (10 paua) and at the time of writing the report the Minister had not released his final advice.
- Set the personal individual export limit at the same as above (i.e. the most paua you can take out of the country is 1 days catch (unless you have commercial documentation or a customary authorization).
- Carry over of 10% under catch from one season to the next

The status of this work is that the green weight / meat weight and accumulation defence changes have now been presented to the Minister in a final advice paper. He has considered them and made a decision but Cabinet input is required before the final decision announcement. We expect to hear in late June. The 10% under catch alteration has hit a snag in that because of the short timeframe involved Fishserve "dropped the ball" so this will now become a two year project instead of being completed by October 09 as hoped.

Regulatory changes require a big input of resources. Once underway the regulatory change proposal has to be shepherded through a number of processes. Without continual input the

work can lose momentum and miss out. PIC therefore will try to aim at a few key changes and ensure they are completed.

So far next years list includes;

- 10% under catch carryover continued
- Fish down mechanism for Banks Peninsular
- Lift prohibition on UBA for the Chatham's
- Rationalise minimum quota holding/fishing permit requirements across differing QMAs where quota is held in more than one area.

Quota and ACE holder suggestions for further work will be canvassed at each AGM.

### **Fishing stunted stocks**

PICL have developed a method that could allow fish downs of stunted stocks. Rather than designating an area "stunted" this new method would allow divers to identify stunted stocks by using a double sided 2 dimensional measuring tool. PICL are working with Pau3 and MFish on this as it overcomes problems associated with recreational gaining access to stunted stocks as well. This method has potential for a number of our paua fisheries– at this stage it appears a Special Permit could be issued to allow the gathering of stunted stocks to define morphometric markers and to build a tool that separates stunted stocks. See attached document "Stunted stocks" that gives more detail on this idea. The second way we are looking at dealing with this one is to have the MLS reduced to a more appropriate size in areas which are suitable.

In addition we are doing investigatory work on the concept of "slot fishing".

Slot fishing involves fishing at a lower and upper size limit, so that smaller more valuable paua can be caught while leaving larger less valuable animals to breed. There is considerable support for this concept from Maori who point out that it was a historic customary fishing technique for a number of species.

### **MFish sustainability round prioritization meeting.**

PICL have been lobbying for and have attended the recent Industry initiated prioritizing meeting to put the cases forward for various paua related projects to remain high on MFish's agenda. These includes the Pau4 UBA / Green to Meat weight projects, the Pau2 Wellington South Coast project and the Recreational daily limit accumulation and export maximum projects.

### **Data loggers**

There is no doubt that creating the ability to collect fine scale catch & effort data from commercial paua harvesters will greatly enhance our capability to managed paua fisheries better and more cost effectively. Without this fine scale data, management can only ever be implemented at a scale that is far broader than the scale of paua population variances. The industry is at a stage where we have demonstrated (via the data logging tools some of the PauaMacs own) that we can collect incredibly high resolution data and we have now got the scientists and MFish's attention. However we have also learnt that to collect fine scale data we have to come up with a unit that can be used with the least amount of disruption to our harvesters. Therefore we have to come up with improved units that over come the current limitations such as: 1 have the units so they can auto switching on and off as they enter and

exit the water 2 have a unit that's batteries and memory has the capacity to operate for 5 working day before charging/downloading. We also need to change the system so that we take away the need for harvesters to be computer literate to operate and download the units. We can do this simply by having a pool of 5 to 10 extra units in each region and by employing person that can coordinate getting the units from harvesters each week (to charge and download them) and replacing them with one from the pool that have been charged and are all ready to go.

NZ is at the forefront of fine scale data capture in any fishery world wide so there is no road map to follow here. It has taken a large amount of trial and effort to get where we are and we hope we will be able to talk more about this project at the PauaMac mid year AGM's

### **MFish Restructuring.**

The Ministry of Fisheries is currently undergoing a major restructuring which will have implications for our industry in the future.

In common with other government departments Mfish was recently subject to a line by line budgetary review instigated by the National government with a view to reducing costs and improving operating efficiencies.

The new Minister has also had Cabinet approval for his Fisheries 2030 document, a long term action oriented strategy development plan for managing New Zealand fisheries. The vision underpinning the strategy is to enable the maximisation of benefits from the fisheries resource within environmental limits.

There is very definitely to be re focusing of Mfish efforts towards the generation of economic value from fisheries in line with the governments drive to increase the countries economic performance overall.

To help deliver on the 2030 plan Mfish CEO, Wayne McNee , is reviewing the Ministry's organisational structure.

While much that is proposed looks good we have concerns with some aspects. For example there is a strong probability that regional management teams will be removed in favour of a centralised management regime based in Wellington.

We have made representations to the CEO to try and ensure our interests are not compromised.

### **Recreation only areas**

The National party election policy for fishing includes the promise to deliver recreational fishing only areas. While little progress has been made on this policy so far there are signs that the pace will be picking up shortly. Our understanding is that while this policy is mainly aimed at providing a good fishing experience for recreational fin-fishers, and mainly in the North Island where the idea has been heavily lobbied; there is a threat to us through loss of coastal access.

PIC is engaged in discussions and investigations with other commercial stakeholders to see how best to handle the issue. Initial work is centred on identifying areas already closed to commercial fishing which may be suitable candidates to become formal reccy only havens.

### **Catch Sampling**

This takes a large amount of PICL's time but the benefits are worth it. Ensuring the samples are coming from as many different Stat Areas as possible correlates to collecting more samples. The 2008/09 seasons samples are still being processed but it looks like we have about the same number of catch samples as last season.

### **Next years conference**

Last year Jeremy attended the Australasian Abalone Producers Conference. An upshot of this was the decision made in the early hours of the morning, in a suitably refreshed state, for PIC and the NZ paua industry to host next years Australasian Wild Abalone Congress.

This will be a huge and not to be missed event for all of us and will include presentations and workshops for harvesters, quota owners, fisheries managers, fisheries enforcement and scientists from NZ , Australia and Sth Africa. We expect a big turnout from Australian industry participants as well as South African.

It should mark a very real step up for our industry and a great opportunity for divers and quota holders to meet and learn from our peers in other countries. At this stage the plan is to hold the congress in Wellington during July or August 2010.

Well that's all from PICL.

PICL will be attending all PauaMAC AGMs to answer questions and we look forward to catching up with you all then.

Yours sincerely



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