



Cabinet Economic Growth and Infrastructure Committee

In Confidence

EGI (09) 23

9 March 2009

Copy No: 42

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Actions to Unlock the Economic Potential of the New Zealand Fisheries Sector

Portfolio	Fisheries
Purpose	This paper seeks endorsement of a proposal to work with fisheries stakeholders to confirm a shared direction and plan of action to unlock the economic potential of the fisheries sector.
Previous Consideration	None.
Summary	<p>PricewaterhouseCoopers (PwC) has undertaken an independent review of the fisheries sector. The review covered aquaculture, commercial, amateur and customary fishing matters. It found that while the fisheries management system is fundamentally sound, co-ordinated action is required to unlock and deliver greater benefits to the New Zealand economy. PwC's report is on pages 6-25.</p> <p>It is proposed that the Ministry of Fisheries work in collaboration with tangata whenua and fisheries stakeholders to build on the PwC report and to confirm a shared direction and plan of action for the fisheries sector. Some aspects of this work may be contentious and will involve the consideration of issues that fall within a number of Ministerial portfolios, eg the Crown-Maori relationship, the allocation of catch and fishing areas between the various sectors, and environmental matters including marine biodiversity and protected areas.</p> <p>The Minister of Fisheries will report back in July 2009 with proposed next steps.</p>
Baseline Implications	None.
Legislative Implications	None from this paper.
Timing Issues	A further report will be submitted to EGI in July 2009.
Announcement	The Minister of Fisheries will issue a public statement, following Cabinet's decisions.

Consultation Paper prepared by Fisheries. MfE, MED, Justice, Treasury, DOC, DPMC, OTS, TPK, LINZ, SSC and MAF were consulted.

The Minister of Fisheries indicates that the Minister of Finance was consulted, and that discussion is not required with the government caucus or with other parties represented in Parliament.

The Minister of Fisheries recommends that the Committee:

- 1 note that an independent review undertaken by PricewaterhouseCoopers has found that the fisheries sector has the potential to deliver significantly greater benefits to the New Zealand economy;
- 2 note that fisheries stakeholders involved in the PricewaterhouseCoopers review agree on the need for more certainty and alignment with a shared direction for the sector;
- 3 note that the lack of a plan to provide overall direction and to co-ordinate actions across the fisheries sector is preventing improved environmental and economic performance;
- 4 agree that the Ministry of Fisheries work in collaboration with tangata whenua and fisheries stakeholders to build on the PricewaterhouseCoopers report and confirm a shared direction and plan of action for the fisheries sector;
- 5 note that some aspects of this work may be contentious and will require consideration of issues that fall within the portfolios of other Ministers;
- 6 note that the Ministry of Fisheries will seek advice on across-agency matters from an inter-departmental Deputy Chief Executives natural resources reference group and central government agencies;
- 7 invite the Minister of Fisheries to report back to the Cabinet Economic Growth and Infrastructure Committee in July 2009 with recommended actions that will enable the fisheries sector to make a significantly greater contribution to the New Zealand economy.

Janine Harvey
for Secretary of the Cabinet

Copies to: (see over)

Copies to:

Cabinet Economic Growth and Infrastructure Committee
Office of the Prime Minister
Chief Executive, DPMC
 John Crawford, DPMC
 PAG Subject Advisor, DPMC
Secretary to the Treasury
 Jeremy Corban, Treasury
Chief Executive, MED
 Lewis Holden, MED
Secretary for Justice
Minister of State Services
 State Services Commissioner
Secretary for the Environment
Minister for Treaty of Waitangi Negotiations
 Director, Office of Treaty Settlements
Director-General, MAF (Agriculture)
 Paul Stocks, MAF
Director-General of Conservation
Chief Executive, Ministry of Fisheries
Minister for Land Information
 Chief Executive, Land Information New Zealand
Chief Executive, Te Puni Kokiri

ACTIONS TO UNLOCK THE ECONOMIC POTENTIAL OF THE NEW ZEALAND FISHERIES SECTOR

Proposal

1 The Committee is asked to endorse my proposal to work with fisheries stakeholders to confirm a shared direction and plan of action to unlock the economic potential of the fisheries sector.

2 As some aspects of this work may be contentious and will require consideration of issues that fall within the portfolios of other Ministers, I wish to secure your support for this initiative before I proceed.

Executive Summary

3 An independent review of the fisheries sector has been undertaken by Brian Roche of PricewaterhouseCoopers (PwC). This review, which includes aquaculture, commercial, amateur and customary fishing, has found that the fisheries management system is fundamentally sound but that coordinated action is required to unlock and deliver greater benefits to the New Zealand economy. Sector leaders recognise and support the need to have a shared direction and plan of action to improve environmental and economic performance. I therefore propose to have the Ministry of Fisheries (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. I will then report back to Cabinet in July 2009 with actions that will enable the sector to make a significantly greater contribution to the New Zealand economy.

Background

4 An independent review recently undertaken by PwC (*Fisheries 2030* - attached for your consideration) has found that the fisheries sector, which includes aquaculture, commercial, amateur and customary fishing, has the potential to deliver significantly greater benefits to the New Zealand economy.

5 These benefits could be gained by supporting the economic performance of the commercial fishing industry; enabling aquaculture development; improving the quality of amateur fisheries; reviewing implementation of the Fisheries Deed of Settlement; maintaining environmental quality and fish stock abundance; and lowering costs while ensuring the effectiveness and integrity of the fisheries management system. These objectives are closely aligned to the delivery of Government's

manifesto priorities for fisheries and the wider economy.

6 In discussions that the Ministry and I have had with sector leaders it is clear that what is missing is an overall plan to bring this work together in a coordinated and sequenced way that is supported by stakeholders, provides direction, and allows maximum benefit to be gained from the use of sector and Government resources.

7 It is therefore my intention 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. I would then report back to Cabinet in July 2009 with actions that will enable the sector to make a significantly greater contribution to the New Zealand economy.

8 Some aspects of this work may be contentious and will require consideration of issues that fall within the portfolios of other Ministers. For instance, it is likely to involve consideration of the Crown-Maori relationship; allocation of catch and fishing areas between the various sectors; and environmental matters including marine biodiversity and protected areas. While the plan of action for the fisheries sector will not necessarily require decisions from Ministers on these matters, the fisheries sector plan will need to describe how its actions fit with, or are dependent on, initiatives that other Ministers have underway or planned in these areas.

Comment

9 New Zealand is a small country with few large-scale natural assets. As such, we need to make sure we make best use of the resources we have. The review by PwC found that the fundamentals of fisheries management are sound and that we are able to build on success. Internationally, what New Zealand has achieved is outstanding. We have sustainable fisheries; an internationally competitive commercial fishing sector that operates without subsidy and which last year exported 315,000 tonnes of product worth \$1.3 billion, making seafood our fourth-largest export earner; a high quality amateur fishery in which 30% of the New Zealand population participates; and resolution of fisheries and aquaculture Treaty claims. Nevertheless, the PwC review also found that fisheries resources are not currently managed in a way that enables best value to be extracted from their use, and a case is made for further actions to be taken to enhance the fisheries and quota management system and unlock the potential of the sector.

10 The fisheries sector is characterised by lack of agreement around objectives, adversarial interaction, and therefore a lack of unity in direction and leadership. Accountability and governance arrangements are specified in a way that provides little incentive for stakeholders to participate and invest in fisheries management. There is also uncertainty and dissatisfaction over the future allocation of catch and fishing areas between users. Some parts of the sector lack representative and mandated leadership and the capability to work collaboratively to deliver fisheries management outcomes and benefits. Our ability to respond to the global demand for fish and fish products requires satisfaction of consumer demands and expectations for environmental sustainability. The cost of information and lack of understanding of dynamic marine ecosystems and changing environmental conditions also creates uncertainty.

11 As a nation we need to adjust the current system so that we can overcome these challenges and enable economic development, employment, and other benefits to be generated from the use of fisheries resources. Strong leadership is required across the fisheries sector to develop a shared future direction, confirm strategic objectives and take action to unlock value.

12 The PwC report provides a starting point for this work by identifying a proposed future vision for the fisheries sector along with result areas, objectives and actions. While not representing agreed Government policy, actions in the PwC report do support the Government's agenda for sustainable economic development and improved performance across of a number of areas. These include lowering sector costs through increased effectiveness and efficiency of services; enabling stakeholders to undertake collective management action; and new approaches to decision-making and the use of information to ensure the sustainability of fish stocks to deliver best value.

13 The fishing industry has been involved in the PwC process that led to the production of the *Fisheries 2030* report. They, along with experts and representatives of the aquaculture sector, customary and amateur fishers, Te Ohu Kaimoana, and Environmental NGOs, recognise and support the need to have a shared direction and plan of action to improve environmental and economic performance.

14 A lack of significant engagement with Maori is a weakness of the process followed to date. It is important that Maori have an opportunity to provide input and participate in the process to confirm a shared direction and plan of action for the fisheries sector. As some of the actions required to increase environmental and economic performance will come from the non-commercial sector, it is also important that amateur fishing and environmental interests participate. The Ministry will take further advice from iwi, customary fishing leaders and Te Puni Kokiri on how to efficiently and effectively work with Maori to complete this work. Working in collaboration with tangata whenua and fisheries stakeholders should result in the confirmation of actions that are well integrated and supported across the sector.

15 My proposal to confirm a shared direction and plan of action for the fisheries sector will by necessity involve consideration of a number of actions that impact on cross-agency interests. The Ministry will therefore seek advice on these matters from an inter-departmental Deputy Chief Executives natural resources reference group and central government agencies. This includes the Ministry for the Environment; the Ministry of Economic Development; the Treasury; the Department of Conservation; the Department of Prime Minister and Cabinet; Te Puni Kokiri; the State Services Commission, Land Information New Zealand, and the Ministry of Agriculture and Forestry. This will allow full and rigorous advice to be provided on the PwC findings before I report back to Cabinet in July 2009.

16 Development of a plan of action that is shared and supported by stakeholders, tangata whenua and Government will provide the driver that is required to move the sector forward over the next three to five years. It will also provide an indication of the type and sequence of legislative change that may be necessary.

Consultation

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

18 The departments consulted welcome this initiative and, while recognising that there are some significant cross-agency implications, have shown strong support for having an integrated

plan of action to unlock the economic potential of the fisheries sector.

19 The attached *Fisheries 2030* report was developed by PwC in a process involving experts and representatives from the fishing industry, aquaculture sector, customary and amateur fishers, Te Ohu Kaimoana and environmental NGOs. The Department of Conservation has however expressed concern that not all Government agencies that have an interest in the marine sector have been included in the development of the PwC report. For instance there has been no discussion with the Department about the action proposed in the PwC report concerning the need to implement a revised marine protected areas policy and legal framework. The Department's view is that as a result of its limited exposure, the PwC report does not appear to have sufficient background information to justify this proposed action. This is acknowledged and the inter-departmental process outlined in paragraph 15 above will allow full and rigorous advice to be provided on the PwC findings before confirmed actions are reported back to Cabinet in July 2009.

Human rights

20 The recommendations to work with tangata whenua and fisheries stakeholders to confirm a shared direction and plan of action, does not raise any particular issues in relation to the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

Legislative implications

21 This paper has no immediate legislative implications. Development of particular legislative amendments will be undertaken, if required, following my proposed report back to Cabinet in July 2009.

Regulatory impact analysis

22 The Ministry of Fisheries Regulatory Impact Analysis Review Committee considers that a Regulatory Impact Statement is not required at this stage.

Publicity

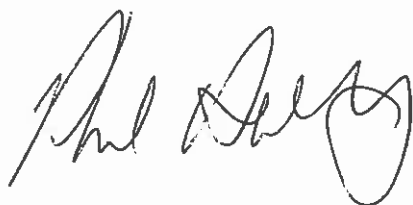
23 Subject to receiving Cabinet approval to proceed, I will issue a public statement. This will acknowledge the PwC review and its finding that the fisheries sector, which includes aquaculture, commercial, amateur and customary fishing, has the potential to deliver significantly greater benefits to the New Zealand economy. The statement will also announce Government's intention to work with fisheries stakeholders to confirm a shared direction and plan of action to significantly improve the environmental and economic performance of the fisheries sector.

24 To ensure there is clarity for interested parties and Government agencies, the PwC report's status as an independent report, not agreed Government policy, will be made clear in publicity material.

Recommendations

25 It is recommended that you:


- 1 **Note** that an independent review undertaken by PricewaterhouseCoopers has found that the fisheries sector has the potential to deliver significantly greater benefits to the New Zealand economy;
- 2 **Note** that fisheries stakeholders involved in the PricewaterhouseCoopers review agree on the need for more certainty and alignment with a shared direction for the sector;
- 3 **Note** that the lack of a plan to provide overall direction and coordinate actions across the fisheries sector is preventing improved environmental and economic performance;
- 4 **Agree** that the Ministry of Fisheries work in collaboration with tangata whenua and fisheries stakeholders to build on the PricewaterhouseCoopers report and confirm a shared direction and plan of action for the fisheries sector;
- 5 **Note** that some aspects of this work may be contentious and will require consideration of issues that fall within the portfolios of other Ministers;
- 6 **Note** that the Ministry of Fisheries will seek advice on across-agency matters from an inter-departmental Deputy Chief Executives natural resources reference group and central government agencies; and
- 7 **Agree** that the Minister of Fisheries report back to Cabinet in July 2009 with recommended actions that will enable the fisheries sector to make a significantly greater contribution to the New Zealand economy.



Hon Phil Heatley
Minister of Fisheries

05/03/2009

Consultation on Cabinet and Cabinet Committee Submissions

Certification by Department:	
Guidance on consultation requirements for Cabinet/Cabinet committee papers is provided in the CabGuide (see Procedures: Consultation): http://www.cabguide.cabinetoffice.govt.nz/procedures/consultation	
Departments/agencies consulted: The attached submission has implications for the following departments/agencies whose views have been sought and are accurately reflected in the submission: Ministry for the Environment, Ministry of Economic Development, Ministry of Justice, the Treasury, Department of Conservation, the Department of Prime Minister and Cabinet; Office of Treaty Settlements, Te Puni Kokiri; Land Information New Zealand; the State Services Commission, and the Ministry of Agriculture and Forestry.	
Departments/agencies informed: In addition to those listed above, the following departments/agencies have an interest in the submission and have been informed:	
Others consulted: Other interested groups have been consulted as follows: Inter-departmental Natural Resources Deputy Chief Executives Group	
Name, Title, Department: Stan Crothers, Deputy Chief Executive, Ministry of Fisheries	
Date: 4 13 2009	Signature 

Certification by Minister:		
Ministers should be prepared to update and amplify the advice below when the submission is discussed at Cabinet/Cabinet committee.		
The attached proposal:		
<i>Consultation at Ministerial level</i>	<input checked="" type="checkbox"/> has been consulted with the Minister of Finance <i>[required for all submissions seeking new funding]</i> <input type="checkbox"/> has been consulted with the following portfolio Ministers: <input type="checkbox"/> did not need consultation with other Ministers	
<i>Discussion with National caucus</i>	<input type="checkbox"/> has been or <input type="checkbox"/> will be discussed with the government caucus <input checked="" type="checkbox"/> does not need discussion with the government caucus	
<i>Discussion with other parties</i>	<input type="checkbox"/> has been discussed with the following other parties represented in Parliament: <input type="checkbox"/> Act Party <input type="checkbox"/> Maori Party <input type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input type="checkbox"/> will be discussed with the following other parties represented in Parliament: <input type="checkbox"/> Act Party <input type="checkbox"/> Maori Party <input type="checkbox"/> United Future Party <input type="checkbox"/> Other [specify] <input checked="" type="checkbox"/> does not need discussion with other parties represented in Parliament	
Portfolio <i>Fisheries</i>	Date <i>05 13 09</i>	Signature 