

**VOTE FISHERIES**  
**BASELINE ALIGNMENT PROPOSAL**

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Submitted by

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## **Section 1: Alignment to Government Priorities**

### **Aquaculture reform**

In August 2009 Cabinet endorsed a shared direction and strategy to improve the environmental and economic performance of the fisheries sector - Fisheries 2030.

Fisheries 2030 seeks to allow New Zealanders to maximise benefits from the use of fisheries resources within environmental limits.

The Strategic Actions within Fisheries 2030 have the potential to support significant economic growth opportunities that will directly contribute to the Government's priority of growing the economy in order to deliver greater prosperity, security and opportunities for all New Zealanders.

A key focus of the 2030 strategy is support for aquaculture development. The aquaculture sector has the aspirational goal of becoming a \$1 billion industry by 2025. Aquaculture is part of the government's Economic Growth Agenda. The Aquaculture Reform project is developing a package of reforms that aims to:

- reduce costs, delays and uncertainty in relation to the aquaculture regulatory process
- promote investment in aquaculture development
- enable integrated decision-making.

Key success factors for the reforms include amendment of legislation, creation of a lead ministerial role for aquaculture, and the establishment of an aquaculture agency within the Ministry of Fisheries. The purpose of the latter two elements is to create leadership for and a focus on aquaculture in New Zealand.

The role and functions of the agency are defined, and subject to Cabinet approval will be given further clarity through the Aquaculture Strategy and Action Plan to be developed in late 2010. A decrease in outputs would have the effect of slowing the pace of change required to achieve the outcomes of Aquaculture reform including realising the economic potential of the Aquaculture sector. Outputs could be increased to add significantly to the quality of coastal planning and the body of knowledge supporting Aquaculture development.

### **10 year deepwater research plan**

New Zealand's deepwater fisheries are a source of significant export revenue to the New Zealand economy. The Ministry of Fisheries is working closely with the fishing industry to improve the economic performance of New Zealand's deepwater fisheries and to ensure that deepwater fisheries continue to operate in a sustainable manner.

In international and domestic markets, environmental groups, consumers, wholesalers and retailers are increasingly demanding fish that is sourced from sustainable fisheries. It is becoming apparent that improving economic performance requires the ability to demonstrate that fisheries are sustainable and conducted in a way that does not adversely impact on the aquatic environment. Demonstrating that fisheries are sustainable and obtaining the associated economic benefits requires an investment in information which comes at a cost.

A cornerstone of Fisheries 2030 is the development of fisheries plans. Five high-level (National) Fisheries Plans will be developed across deepwater, highly migratory species, shellfish, inshore finfish and inshore freshwater.

To obtain significantly more information in a more cost-effective manner, the Ministry of Fisheries has worked with the fishing industry to develop a 10-year research programme for deepwater fisheries. This plan:

- aligns with Government's Policy on Fisheries that identifies monitoring fish stocks as core business for the Ministry;
- is consistent with Fisheries 2030;
- forms a critical input into the successful delivery of the National Fisheries Plan for Deepwater and Middle-depth Fisheries by ensuring that the required data and information is available to support the delivery of deepwater fisheries management objectives.

### **South Pacific Regional Fisheries Management Organisation (SPRFMO)**

New Zealand signed the SPRFMO Convention on 1 February 2010, following agreement by involved States in November 2009.

SPRFMO will manage the non highly-migratory fisheries of the South Pacific high seas and so secure and create economic benefits for New Zealand in these fisheries through the establishment of a rules based fisheries management regime. It therefore fits within the Government's priorities for fisheries and is an integral part of the Fisheries 2030.

## **Section 2: Reprioritisation**

During 2009, the Ministry undertook an organisational design review (ODR) with the intention of establishing the organisation structure to facilitate the implementation of Fisheries 2030.

The new structure supports a clear focus on fisheries management and obligations to Maori e.g. fisheries management is the axis of the new design (Fisheries 2030 represents the future of fisheries management in New Zealand).

The reduction of resources in fixed locations around the country in favour of a more flexible resourcing model will support the approach of less, more productive, engagement with sector representatives and the deployment of specialist capability where it is most needed.

The structuring of the fisheries management Inshore, Deepwater and Highly Migratory species teams around fisheries plans focuses that capability on developing objective-based fisheries plans and the accountabilities required to make fisheries management the axis of the new design.

The ODR work calls for a broader awareness of the obligations to Maori that the Ministry is responsible for so that they can be better integrated with the Ministry's other responsibilities at a practical level.

The new position of Deputy Chief Executive Treaty Partnerships has been established to create a focus on treaty partnership and settlement responsibilities, and the Obligations to Maori Services Delivery Review outcomes scheduled for implementation in early 2010 will support better delivery on obligations to Maori and implementation of the Treaty Strategy.

The new Strategic Projects team creates flexible capability for progressing high-priority projects within the five year plan of action such as the government-industry reviews of Research Services Strategy and Observer Services Strategy, Charter Vessel Reporting and the Discards project. This in turn leads on to delivery against Government priorities, the SOI, Fisheries 2030, the Treaty Strategy and other projects under development.

The Research and Observer areas have been identified for opportunity to improve efficiency, effectiveness and value for money. Both reviews will be implemented in 2010.

A review of the Ministry's Organisation Services Group will be completed by June 2010 to ensure alignment of that Group with the needs of the Ministry and efficient service delivery.

### **10 Year Deepwater Research Plan**

The proposed research plan constitutes an increase in research and observer services that will be substantially (98.2%) cost recovered from quota owners, with the balance funded from the Ministry's existing baseline. No services require to be ceased or curtailed.

The Ministry has received a letter from the Chairman of the Deepwater Group (the body that represents owners of deepwater quota) acknowledging the collaborative approach to development of the initial 10 year plan, their support for the plan process and the cost recovery implications to quota owners that the plan will have.

### Section 3: Summary of Financial Movements

In addition to providing the structure required to deliver on Fisheries 2030, one further outcome from the Organisation Design Review was the freeing up of resources required to implement priority projects during the first five-year phase of Fisheries 2030.

Aside from the initiatives listed in section 1, the Ministry is also required to provide funding towards establishment of the New Zealand Productivity Commission. The table below sets out the known areas of expenditure and the funding sources.

	\$m						
	2009/10	2010/11	2011/12	2012/13	2013/14	Total in 1 <sup>st</sup> four years	Out years
<b>Aquaculture reform<sup>1</sup></b>		1.400	1.500	1.700	1.700	<b>6.300</b>	1.800
Funded from							
MFish reprioritisation	(0.700)	(0.850)	(0.500)	(0.600)	(1.098)	<b>(3.048)</b>	(1.400)
MfE transfer		(0.550)	(1.000)	(1.100)	(0.602)	<b>(3.252)</b>	(0.400)
<b>10 year deepwater plan</b>		5.000	5.000	5.000	5.000	<b>20.000</b>	5.000
Funded by:							
Cost recovery levies from commercial sector		(4.900)	(4.900)	(4.900)	(4.900)	<b>(19.600)</b>	(4.900)
MFish reprioritisation		(0.100)	(0.100)	(0.100)	(0.100)	<b>(0.400)</b>	(0.100)
<b>South Pacific Regional Fisheries Management Organisation</b>		0.150	0.150	0.150	0.150	<b>0.600</b>	0.150
Funded by MFish reprioritisation		(0.150)	(0.150)	(0.150)	(0.150)	<b>(0.600)</b>	(0.150)
<b>New Zealand Productivity Commission</b> Funded by MFish reprioritisation		(0.070)	(0.140)	(0.151)	(0.151)	<b>(0.512)</b>	(0.151)

<sup>1</sup> Cabinet decision on aquaculture reform awaited.

Other areas that might require further funding from the baseline or possibly generate savings that could be used to offset expenditure, but for which there is as yet no final determination are:

- Additional funding to cover increased audit requirements imposed by the Office of the Auditor General (assessed at \$0.050m per year).
- The outcome of the organisation services review. Cost savings are expected to be achieved in future financial years, although costs may be incurred in transition of future corporate services, either to be more efficient internally or transferred to shared arrangements or commercially sourced. It is expected that cost savings will be identified for the 2011/12 budget cycle and will be made in recognition of the Prime Minister's statement to Parliament on 9 February 2010 regarding future funding levels for departments and the requirement for them to lift their game.
- The outcome of the Observer services strategy review. The review is not completed so it is too early to assess the extent of any productivity gains. However, as the Observer function is fully cost recovered from the commercial fishing sector, any reductions in cost will be to the benefit of that sector, but will also result in reduced Crown revenue.