Fisheries New Zealand
Tini a Tangaroa

Summary of Submissions on Fisheries and Conservation Services Levies 2019/20

This paper provides responses to the submissions received from consultation with industry on the proposed levies to be implemented 1 October 2019

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1 The Consultation Process

This paper summarises the submissions received on the proposed *Fisheries and Conservation Services Levies 2019/20*. [1]

The consultation period was open from 30 May to 28 June 2019. Information provided for consultation included an online calculator with the proposed levy for each fish stock and the breakdown of the total annual costs for that fish stock; and further information on the costs for research projects by fish stock.

An email was sent to approximately 1,500 quota owners and 15 industry organisations advising them of the consultation. The email to the industry organisations included an invitation to meet with MPI to discuss the levies. We received no response and consequently no meetings were held.
Sixteen submissions were received from seven industry organisations and nine quota owners.

1.1 LIST OF SUBMITTERS

Seafood NZ Sector Organisations
Fisheries Inshore NZ and Deepwater Group (joint submission)
NZ Rock Lobster Industry Council

Other Industry Groups
Eel Enhancement Co. Ltd. (North Island eel fishers)
South Island Eel Industry Association Inc.
BCO5 Association (Southland blue cod fishers)
Chatham Islands Finfish Association Ltd.
Chatham Islands Quota Holdings Ltd.

Individual Quota Owners (9 responses)

2 General Themes from Submissions

General themes included objection to the level of cost recovery and the impact it has on businesses, and disputing whether the services provided should be cost recovered or were more appropriately Crown-funded.

Responses from industry organisations were generally around ensuring that the proposed levies are in line with the cost recovery principles in the Fisheries Act 1996 (the Act) and the Fisheries (Cost Recovery) Rules 2001 (the Rules). There was also a demand for improved transparency, particularly around compliance and registry services.

Fisheries Inshore New Zealand Ltd and Deepwater Group Ltd (through a joint submission) and NZ Rock Lobster Industry Council (NZRLIC) submitted similar themes in their responses. They reiterated longstanding objections about the validity and legality of the current approach to cost recovery.
We have responded to these concerns on a number of previous occasions that we consider MPI's cost recovery levies are consistent with the cost recovery principles in the Act and the Rules.

Other general concerns raised include:

- The draft Maui and Hector's Dolphin Threat Management Plan (DTMP), released by DOC in June, would likely reduce set netting and trawling in some areas. This should be reflected in the levies through lowered costs.

[1] The Conservation Services Programme is consulted separately with industry by the Department of Conservation. The levy allocation to fish stock is what is provided to industry for this consultation as they are administered by MPI.

- Whether MPI can deliver the levied inshore observer days, which is increased on prior years.
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Fisheries NZ believe the proposed costs allocated to the areas covered by the draft DTMP are appropriate. There are a number of potential outcomes ranging between the status quo and the closures proposed in the draft DTMP. Final decisions for each area and method (due late 2019) will impact on the extent and timing of any future closures.

The number of observer days levied is based on Fisheries NZ's planned observer coverage for 2019/20. While an increase on prior years, Fisheries NZ is confident this work programme will be delivered.

2.1 SUBMISSIONS ABOUT SPECIFIC FISH STOCKS

Submissions from individual quota owners included questions about changes to the amount of the levy for specific stocks, and understanding the composition of services applied to these stocks. Concern was also raised about compliance and registry costs that are levied for fish stocks that "*essentially have zero landings*" or limited chance of selling ACE to fishers. We have provided further information to clarify the proposed levies directly to these quota owners.

NZRLIC also requested a redistribution of research costs across rock lobster stocks. We consider that the requested redistribution is in line with the Rules and have made this adjustment to the levies for relevant research projects. This has been applied to projects CRA2018-01, CRA2018-02 and CRA2019-01. This has no impact on the total amount levied for these projects.

2.2 SUBMISSIONS ABOUT SPECIFIC RESEARCH PROJECTS

A number of submissions were made on specific research as part of the proposed research plan for 2019/20.

We have adjusted the allocation of fish stocks to three projects (both MPI and DOC projects), removing stock not related to the research project (particularly in relation to BCO4 and BCO5):

- INT2019-02 Identification of seabirds captured in New Zealand Fisheries
- INT2019-06 Post-release survival of seabirds
- ENV2018-06 Improved distribution information for higher risk non-QMS shark species

One project, INS2019-01, has been withdrawn from the proposed plan for 2019/20.

MPI consider all other projects are in accordance with the cost recovery Rules and that the projects in question are necessary and essential. Fisheries Science and Fisheries Management will address these matters as part of the Proposed Research Plan consultation.

3 Transparency (and how we're addressing it)

Five submissions raised the perceived lack of transparency about the way the levy is calculated and the efficiency of the services that the levy funds, while another four commended MPI on increased transparency and the inclusivity of the consultation process.

Industry commented that despite assurances of increased transparency they have seen no evidence of the increased transparency of costs or any indication of improved systems.

We continue to work with industry on improving transparency. This is the first year that stock-specific information has been made available for proposed levies on the MPI website. As noted above, during consultation, MPI sent emails to invite industry organisations to meet. This was to discuss cost

recovery and the proposed 2019/20 levies, and to address any questions raised. We received no response to this request.

MPI has in the last year been providing quarterly dashboards to some industry organisations, summarising compliance activity. MPI is also currently working on the first annual fisheries sector report to provide more detail around the levied services.

Costs for commercial compliance activity is currently estimated at 43% of total fisheries compliance costs. As with all levy components any under or overspend will be corrected through the over and under process at the end of the year. Historically the amount of commercial specific compliance activity has ranged between 30% and 55%. MPI considers the estimate used is reasonable.

4 Changes to proposed levies following consultation

Consultation with industry identified minor technical issues with the proposed levies resulting in a reduction of costs in conservation services and registry services. This also impacted how much could be applied to individual fish stocks in the over/under process.

	2019/20 pre-consultation	2019/20 post-consultation	Change
Compliance	13.5	13.5	-
Registry Services	4.0	3.8	(0.2)
Observer Services	3.1	3.1	-
Research	13.0	13.0	-
Conservation Services	2.3	2.2	(0.1)
Under/Over Recovery	(1.2)	(1.1)	0.1
Total	**34.7**	**34.5**	**(0.2)**

5 Research Project Specific responses

5.1 STOCK ASSESSMENTS

5.1.1 FLA2019-01 and FLA2019-02 – Characterisation and CPUE analyses of FLA3 and FLA7

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: We cannot support the projects insomuch as they review the performance of the fisheries and the FLA3 management procedure. The FLA3 management procedure worked well in the first two years. However subsequent changes to the decision-making process resulted in extensive delays being incurred and increases being advised as late as August leaving fishers no opportunity to target additional fish. The management process failed the fishers and the scientists. Until the management approval process issues are addressed, we cannot support any review of the TACC settings or the evaluation of procedures or any aspect of it. Equally we cannot support any development of relative abundances for every flatfish species in FLA3. The flatfish complex is managed as an entity, not managed at the different species level.

Response: There is a programme underway to review the decision making process for stocks managed with in season adjustments, and it is envisaged that decisions will be made more promptly in future. Regardless of the in season adjustments, fishery characterization and CPUE analysis provides the only means for monitoring spatial and temporal patterns in the abundance of flatfish species currently managed within the FLA3 complex. If individual species were found to be overfished, FNZ could consider removing them from the complex. This is the only information available to inform the management of this fishery. FNZ therefore considers FLA2019-01 to be necessary.

The FLA 7 TACC has been under caught for a long time and since we have not undertaken a fishery characterization or CPUE analyses for species within the FLA 7 complex, we currently have no idea how well each species is doing under what is currently an unconstrained fishery. FNZ has an obligation under the Act to monitor and assess, wherever possible, all stocks managed under the QMS. FNZ therefore considers FLA2019-02 to be necessary.

5.1.2 INS2019-01 In season TACC adjustments for FLA3, RCO3 and RCO2

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: With the process delays negating any benefits from the in-season adjustment process, we cannot support that any in-season TACC adjustments should be undertaken until the process issues are resolved.

Response: Until stocks have been removed from Schedule 2, which is a list of stock managed under in-season adjustments, FNZ is required to run the decision rules annually. FNZ therefore considers INS2019-01 to be essential.

5.1.3 INT2019-02 Feasibility of FMA2 inshore trawl survey

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: FINZ are direct purchasing work that has synergies with this project and request that Fisheries New Zealand engage with FINZ to discuss and contribute to that work instead. This would allow $75,000 of our budget to be distributed on other projects.

Response: The value of re-instating the Kaharoa series is that we already have a series against which new data can be compared. The issue with Kaharoa coming to the end of its service affects important trawl survey series all around the country and discussions regarding calibration with a replacement vessel are already underway. INT2019-02 is a feasibility study, and cost of a survey may well exceed benefits. Other areas of the east coast of the North Island, e.g. Bay of Plenty and Hauraki Gulf, are already being covered with reinstated trawl surveys.

5.1.4 LSP2019-02 Low information stock status assessment

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: While this project is not cost recovered it is taking valuable resource from otherwise better directed research.

Response: We believe that this project has merit and that it should go ahead. The first phase yielded some promising outcomes and developed partnerships between research providers that are likely lead to a range of new methods for use across a number of currently-unassessed inshore finfish stocks.

We do, however, agree that the initial results should be shared with the fishing industry and other interested parties and we will endeavor to hold a meeting on this topic within the next few months, probably in the form of a SAMWG.

5.1.5 MAF2019-05 Monitoring of recreational harvest of rock lobsters in CRA2

Submission from: New Zealand Rock Lobster Industry Council

Issue: Do not believe the proposed project will be adequate to effect the allowance for recreational catch in CRA2 (including the management of the allowance).

Response: This project, and the monitoring approach for recreational harvest in CRA2 it underpins, were determined after a review of possible approaches by the Marine Amateur Fisheries Working Group, finalised by the chair of that working group in consultation with fisheries managers. MPI believes it provides the best opportunity to monitor recreational harvest in CRA2 and to inform changes to management settings if necessary. However, MPI does not rule out developing and applying other methods in the future and, as noted in RLIC's submission, further work to assess the utility and cost of alternative approaches may be helpful if funding can be found within budgets that span many competing demands for information.

5.2 AQUATIC ENVIRONMENT

5.2.1 BEN2019-01, BEN2019-04, BEN2019-05 Benthic Risk Assessment

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Because these projects are to trial a new methodology, industry believe we should consider not cost recovering it.

Response: The long term strategy for the spatial management of bottom fishing activities, to ensure that benthic biodiversity is not adversely impacted by bottom fishing, is in the early stages of development and all stakeholders will be consulted in the process. Discussions were held between Fisheries Science and Fisheries Management in 2018, and it was agreed that spatial information regarding the impacts of bottom fisheries, the value of different areas to fisheries, the distribution of benthic biodiversity and the likely state of benthic habitats would be required for the implementation of any spatial management approaches. This information base will take time to develop. The three benthic projects proposed all involve the development of spatial data sets which will inform future management processes.

BEN2019-01 involves the ongoing monitoring of the spatial extent and intensity of mobile bottom fishing. This project will not trial new methodology and should be cost recovered. BEN2019-04 involves the assessment of impacts to benthic communities resulting from mobile bottom fishing. This project does not aim to trial new methodology and should be cost recovered. BEN2019-05 involves the development of spatial input layers to inform spatial management processes. The utility of spatial decision support tools, like Zonation, has been demonstrated in other projects and this project does not aim to test the utility of the tool. We recognise that the weighting of the project objectives as proposed is not appropriate and will amend this such that more resourcing is applied to the development of input layers. These layers will help to inform the spatial management of bottom fisheries and should be cost recovered.

Scientists from FNZ are involved in the interagency (DOC, FNZ and MfE) Marine Protected Areas Science Advisory Group in an advisory capacity. This group is led by DOC and projects commissioned by the group have to date been funded by DOC. The group is working to build an information base for science-based marine protection. FNZ scientists were cognisant of the activities of this group during the FNZ research planning process for this year and the spatial data outputs produced through the three proposed benthic projects by FNZ will be supplementary to those produced by the MSAG and may be required during any potential MPA planning processes in future. For more information regarding the MSAG please contact Debbie Freeman (dfreeman@doc.govt.nz).

5.2.2 EEL2019-01 – South Island Eel CPUE

Submission from: South Island Eel Industry Association

Issue: LFE11, 12, 13 and 4 are no longer functional long fin eel fisheries (the QMA's were effectively shut down in 2017). CPUE analyses in these areas will be meaningless and should not go ahead. The estimated cost of this CPUE project is also estimated too high at $34,261.

Response: There is no way of telling that there are no longer any longfin eel fisheries in the SI without doing the characterisation and attempting CPUE analyses. Fisheries New Zealand suspect that there will be enough data for CPUE series of relative abundance from some QMAs, but not for others. Given concerns over longfin eels we need to monitor as best we can as there is pressure to completely close longfin commercial fishing, and there are QMAs where longfin eels are targeted.

With regards to the estimated cost for the project, it is based on previous actual costs. In practice this is not a characterisation and CPUE analysis for a single stock, but involves 12 separate stocks. The cost for a single stock analysis is now $30—35K and not $20K as intimated.

5.2.3 ENV2018-06 – Improved distribution information for high risk non-QMS shark species

Submission from: Chatham Island Finfish Association, BCO5 Association Inc., Chatham Island Quota Holdings Ltd

Issue: Given that BCO4 and BCO5 cod-potting fishery has absolutely no adverse effect on sharks, the amount to be levied for this project from BCO4 and BCO5 should be removed.

Response: Blue cod potting is mostly <100m and potting surveys show that shark by-catch is negligible – so the BCO 4 and BCO 5 studies should not be charged under the ENV project. We agree with the submissions that we remove BCO4 and BCO5 from the levies for this project and have removed them from the project.

5.2.4 PRO2019-01 and PRO2019-02 database and website for protected specifies captures

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Believe the projects are public goods and should not be cost recovered.

Response: The database is exclusively about the impacts of commercial fishing on protected species. Re-structuring the database as described under PRO2019-01 is not about making the data available to the public, it is about having a standardised and quality-controlled database to underpin all FNZ research projects and standardised reporting. This is fundamental to all cost-recovered research and is exclusively about fisheries impacts so should be cost recovered. Maintenance of the existing PSC website under PRO2019-02 is not just a public good or public outreach issue; the same information portal is used to inform our standard reporting and to reduce the burden of OIAs.

5.2.5 PRO2019-09 Spatial distribution modelling of at-risk seabirds in New Zealand commercial fisheries

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Industry don't support funding priority being given to this project.

Response: We disagree with FINZ that any further development of SEFRA will only be of marginal benefit and we believe we should proceed with this research. We believe that this project enables the potential to significantly increase our ability to target future research and identify risk, especially for coastally associate species such as yellow-eyed penguins, black petrels and flesh-footed shearwaters.

The Risk Atlas platform will allow for the disaggregation of outputs to best address information needs at a variety of spatial scales (FMAs/ statistical areas/ biological subpopulations, etc.) and also within subsets of the fishing fleet (by method/ target species/vessel/effort variable). This will help identify gaps in knowledge and allow for greater precision in allocation of resources.

The distribution modelling project (PRO2019-09) is not 'investigating alternative sources of information'… it uses the data that is already available, much of which has been paid for by fishers, but which has never been analysed in a way that it can be used in the risk assessment. Without doing spatial distribution modelling, seabird tracking data alone cannot be used to inform management. It makes very little sense to continue collecting more of it but then never use the data we collect to update our understanding of seabird risk. If there is a funding conflict it would make more sense to do the distribution modelling (PRO2019-09) and delay the collection of new tracking data (three PSB projects) until existing data has been utilised.

5.2.6 PRO2019-10 refine SEFRA model parameterisation of at-risk protected species

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Industry don't support funding priority being given to this project.

Response: The SEFRA parameterisation project (PRO2019-10) is designed to ensure that the risk assessment reflects our current understanding, including to utilise results of other cost-recovered research projects that are now complete but where the outputs have never been incorporated. This project will allow us to deliver specific outputs asked for by the industry for several years: e.g. to reflect the efficacy of mitigation uptake and changed vessel behaviour on seabird risk over time.

Fish stock assessments are typically updated every year, and their structure is re-evaluated every 5 years or so. The seabird risk model is the equivalent of a stock assessment across dozens of species simultaneously; its structural assumptions have not been critically examined with proper diagnostics since its inception, and have not been updated for more than 5 years, during which fishery operations and mitigation uptake have changed substantially.

5.2.7 PRO2019-11 Historical reconstruction and characterisation of spatially explicit historical set-net fishing

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Industry don't support funding priority being given to this project.

Response: This project is not solely about dolphin status. It has substantial implications for low information inshore fish species. Reconstructing historical effort will also provide us with the means to understand biomass trends for species that were likely to have been depleted by unregulated setnet fisheries before the introduction of the QMS, and subsequently recovered (e.g. school shark, rig, stargazer). Without the ability to estimate the level of depletion at the time when our data time series started, our models will under-estimate virgin biomass and then cannot explain the increases in biomass as the stocks recover (much of which may be concealed in the commercial data if fishers discard due to lack of available ACE).

5.2.8 SNA2019-01 Estimate of Snapper Year Class Strength in SNA1

Submission from: Fisheries Inshore NZ and Deepwater Group

Issue: Request this is extended to include SNA2 sampling.

Response: The research provider interested in undertaking this study has already been requested by FNZ to include the northern SNA2 stock, which is believed to be part of the Bay of Plenty biological stock, in their tender for the work. This will obviously increase the cost of the project, as well as add an objective, and will therefore require additional Cost Recovery Consultation (once final costs are available).