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Speech Notes

Speech to open the SeaFIC conference Te Papa, Wellington

Coming here today I'm reminded of the story about a minister of fisheries - not that long ago - who found himself having to give a few hard messages to the industry. He started out trying to cajole them at one meeting after another - and he got nowhere.

So then he called them up to his office - and still they wouldn't listen. He tried looking after them on his TAC decisions, he told his Cabinet colleagues to lay off on cost recovery...and they wouldn't have a bar of it. So he went round to one conference after another, and by this time they were booing and hissing when he walked in the room.

After one especially acrimonious speech, one of the fishing companies took pity on the Minister and invited him out on their flagship boat for a day of fishing. Build some bridges. Clear the air. So they sailed out for miles, and all of a sudden there was a mishap aboard and the minister found himself in the sea with the skipper.

As he looked around for a rescuer all he could see was a shark fin cruising straight towards them. The skipper, who had fallen over the side with him struck out and started swimming as fast as he could. The politician called out to him - mate, what are you doing? You can't swim faster than a shark! And the skipper called back - I know that, but I don't have to swim faster than a shark. I only have to swim bloody faster than you!

So I would like to start off today by gratefully declining your kind invitations to go fishing...

The organisers know we've been frank with each other over all the issues that confront the industry, and they asked me to go easy today - fair enough. This is an anniversary conference and so it's a celebratory occasion.

This is first, the 30th anniversary of New Zealand's Exclusive Economic Zone. Before 1978 New Zealand fisheries waters extended only 12 nautical miles from the coast. When the 200 nautical mile zone was claimed in 1978 we then had the fourth largest in the world, because of our off-shore islands and because we have no close neighbours.

That was a red letter day for our fishing. It was the start of New Zealand's deep-water fishery.

Before the EEZ was established, our rich, deep-water fishing grounds were fished by foreign trawlers with all the benefits going off-shore. Now, we have the destiny of the fishery in our own hands and we export enough seafood to make one billion meals each year for seafood lovers around the world.

We are also, of course, celebrating the fiftieth anniversary of the Federation of Commercial Fishermen.

One of the most important roles the federation has played in its history was its role in getting the Quota Management System up and running.

Our inshore fisheries at the time - paua, rock lobster and snapper - were under real pressure.

They're in better shape now, and the Federation can take a good deal of the credit. The result has been good for the fishing industry as well as for the fishery itself - because the industry depends on the health of the fishery.

Because this is an anniversary I want to take a look at what the fishing industry might look like in another fifty years from now.

I probably won't still be round then - and one or two of you might have hung up your nets by then too. But we can get an idea about the future far over the horizon if we look back and see how far we have come.

If we look back fifty years, our fishery was not much of an export industry. A regular job in the fishing industry involved loading nets into very small open boats in places like Wellington's Island Bay, to motor out into the sometimes mountainous seas of the Cook Strait and race back with a catch for local markets.

The ocean was far more abundant. Pick up a Zane Grey book from before the Second World War - and you'll read amazing tales of sports fishing. They would land half a dozen marlin in a day - and leave them to rot on a beach.

It's a bit of a sobering thought.

They thought the fishery would continue like that forever - huge fish, forever available. They didn't, however, manage the fishery with the future in mind. And it is probably never coming back like that again.

It's a sobering lesson because we could still make the same mistake today with other species. Fortunately, we have evolved modern management techniques. And while we can quarrel about how they are applied - and we do - let's not dispute how far we have come. And let's also commit ourselves to making sure our management in future never plunders a resource like that again.

When I look ahead fifty years from now, the greatest change I see will be the sophistication of the industry. It will be much more sustainable, much more high-value, or it won't exist at all. It's hard to look beyond some of the current pressures on the industry. For example, high fuel costs and a high exchange rate.

Those issues are not going away any time soon. Fuel prices are not going to ease quickly, if at all. Most experts believe the risks of further wars and disruptions, and further growth in demand, may only drive prices still higher.

And even if the exchange rate came down - it would only drive fuel prices higher still. These certainly create acute pressures for you.

But if we look out to a fifty year horizon - what will these issues look like then?

I hope in fifty years our exchange rate is much higher - because it will be if our standard of living has climbed and we have a successful economy relative to the rest of the world. So - as tough as these issues are today - how much tougher will they be in decades to come?

The way we will get through them is by making our industry more high-value, more sophisticated and more productive. Our sustainably-managed fishery will be a major part of our industry's strength. It will be major competitive advantage as other countries fish out their resources.

The Quota Management System will be the cornerstone of our sustainable management.

I'm pleased that enhancing the QMS is a theme of this conference. The QMS depends crucially on defining and protecting property rights. I know there have been critics in this industry who have felt their property rights are threatened. My view is that actions to protect fish stocks also, in the long-term, protect your property rights. Put simply if there are too few fish to catch there will be no property rights worth a cup of cold water.

But whatever position we take on current issues - when we look out fifty years from now, the strength of the quota management system will depend on achieving a better consensus around a system where everyone has confidence in it.

The grounds exist for that consensus - everyone supports a system of property rights. When we celebrated the twentieth anniversary of the system last year - fisheries ministers from myself to John Luxton were there to applaud your achievement. That covers a pretty broad spectrum of ideology in Parliament, so I think we can have confidence that any future fisheries minister is going to continue supporting property rights for the industry.

But it is not viable or sensible to have every minister of fisheries taken to court repeatedly. It is not viable or sensible to have on-going conflict between the way the property right is managed and the public's expectations about the sustainability of the resource itself.

So - no matter who is fisheries minister over the coming decades - I believe that a new consensus will need to be formed around the way we protect property rights and the sustainability of the resource.

I am sure you will hear all sorts of claims in coming months. It's an election year. Everyone will have their careful rhetoric crafted to please you. But sooner or later every government is going to have to grapple with the sustainability issue. Every government is going to have to manage the fisheries in the QMS to ensure they are still there in fifty years from now.

When I look out into the future, I believe one of the most exciting initiatives shaping the decades ahead for our fisheries is the development of fisheries plans. They are one of the most positive developments I have seen in my relatively short time as Minister of Fisheries and so far the news is all good – fisheries plans are beginning to take shape.

At a local level, the fisheries plan advisory groups are making good progress developing goals and objectives for their fishery.

Around the country fisheries plans are under way for:

- Northland scallops
- West Coast North Island finfish
- Gisborne / East Coast rock lobster
- Challenger finfish (Nelson/ West Coast South Island)
- Southern shellfish
- Fiordland paua
- Middle depth/deepwater fisheries, and
- Tuna.

One size does not fit all when it comes to fisheries planning.

There was a fear that the Ministry had a top down, prescriptive approach to fisheries plans but I think now there is better awareness that sometimes we don't know it all in Wellington. Local innovation can make all the difference.

I want to say to you, in the commercial sector that working closely with others who have a stake in your fishery can be tough. But it's very important. You will only be able to deal with the issues facing the fishery by getting a shared understanding of both it and its different participants.

I'm very heartened by the progress to date and I would like to thank those of you involved in the development of fisheries plans as well as those supporting them from the sidelines.

When I look out decades from now, I believe that collaborative fisheries plans will be a central feature of our fisheries management. Stakeholder buy-in to fisheries management will also be much stronger as a result.

And ultimately the value of quota will also be enhanced.

Shared fisheries have had a less easy introduction. The shared fisheries policy process was initiated just as I became Minister of Fisheries.

I'm hopeful that the cross-sector working group and the steering committees will produce some good ideas. But just the establishment of the process and the working relationships achieved to date represent a significant development towards better collaboration over fisheries management.

For example, through the process so far, the amateur sector has managed to come together and provide joint representation – something that seemed a long way off just a year ago.

I hope those involved in the joint working group will build their relationships further into the future. Whatever the specifics of policies adopted, some issues – such as

allocation – are best sorted out between those who bear the costs and those who stand to benefit. However these ideas turn out in the long haul, however some directions are clear today. First, that a collaborative approach produces the longest lasting policy.

And, as we look to the future we are certain to have more information about the resource, limited enough now.

For example, one proposal from the shared fisheries initiative that is making ground is reporting requirements for the recreational charter boat sector. These regulations will generate a new source of information on amateur fishing activity and catches. As you know, I have supported the proposals to establish an Amateur Fishing Trust and to increase the amount of scientific research to estimate the amateur catch itself.

The issue of the quality of information we have is crucial to some of the toughest issues in the QMS. As you also know, in February the High Court overturned my last TAC decision for orange roughy in Area 1. It said Section 13 of the Fisheries Act requires informed estimates to be available about both the current biomass and Bmsy for the stock. These were not available for this stock, but nor are they available for the majority of stocks in the QMS.

This ruling has created a significant problem for the management of our fisheries. The advice I have received is that we need to amend the Act in order to be able to set and vary TACs for most QMS stocks, up or down.

Those stocks, for which we have sufficient information to meet the test unequivocally, are a very small minority of the fish stocks, although it is true that they represent much of the value generated by commercial fishing.

I believe it is in the interests of everyone to resolve the uncertainties created by the case as soon as possible, and to enable management decisions to be made which further the objectives of the Act – both utilisation and sustainability.

I don't think the industry can expect me to go forward making TAC decisions in good faith and potentially facing review actions from either the industry or other parties interested in preventing particular outcomes.

So I am pursuing a process to get consensus on resolving this problem and I have been talking with SEAFIC and your industry leaders about this. I have also been talking to Parliamentary colleagues and other stakeholders because I believe our Fisheries Act needs broad support if it is to endure and the value of your assets is to be protected.

My objective is to restore the regime to where we were before the High Court judgement. No attempt will be made to change the basis upon which decisions have been made for the past decade.

The current provisions would be left as they are and new sections added that enable decisions to continue to be taken for low information stocks. Any new provisions would pursue the same balance of objectives, using the Maximum Sustainable Yield target where this is possible.

For the longer-term, this situation should give us all pause to think about the nature of the TAC setting process and the basis for these decisions in an information environment characterised by uncertainty.

This is a topical issue, and I want to mention a couple of other issues that are very present in all of our minds at the moment.

The issue of cost recovery is one. I put the brakes on a few proposals for cost recovery in late 2006 because I knew the industry was under a fair bit of pressure. We started a review and throughout last year a joint government-industry working group tried to agree on a way forward. When it came back to me in December the working group reported that there was no agreement between the Ministry and Industry on a way forward.

I have asked officials to develop some realistic options for a new cost recovery model for Cabinet to consider.

I am not going to pre-empt next week's Budget. But I want to say that I well understand costs on the industry are not insignificant. Over the past six years the costs of services that are provided to industry have remained constant. They have averaged \$33-34 million per year. The Ministry has certainly grown larger - and I see a lot of comment about that. But the growth has been in non-commercial areas that are not cost recovered and have been funded by the taxpayer.

You were consulted earlier this year about proposals to increase services and funding - some of this had implications for the levy. I've looked at the feedback from that consultation and the Budget will announce those services that will require more funding, and those which won't be increased.

I have also sent the Ministry off to look at what more it can do within existing baselines. Overall, I think we will turn up some opportunities but there won't be a major change in the mix of services that are cost recovered and those that are not.

The Government has also been listening to your concerns about the effect that the introduction of liquid fuels into the Emission Trading Scheme will have on your businesses. Last week the Prime Minister announced that the introduction of liquid fuels would be delayed for a further two years. This will be a welcome reprieve to many of you.

Ministers are continuing to look at the case for further transitional assistance to your sector as the Emission Trading Scheme gets up and running. But let me make very clear that sooner or later the fishing industry, along with every other industry in New Zealand, is going to have to start paying for the cost of its emissions. The longer we defer action on climate change the more abrupt the transition will be, so putting off the day of reckoning does not come without cost.

The other issue I want to mention is environmental certification. There is growing demand in New Zealand and internationally for sustainable fisheries and aquaculture. Environmental certification, eco-labelling and other independent assessment tools will be very important to global consumers in future. All countries should be doing their bit to respond to the concerns consumers have.

The government is working with the industry to develop a way for you to show your catch is sustainable. We want to see a way of showing the sustainability of the catch that is independent and robust.

As part of this we are seeking an independent evaluation of New Zealand's fisheries management framework to provide recognition of our sustainable management

practices. (The assessment will also provide valuable information in support of the certification of individual fisheries.)

I have in the last week approved the criteria for a contestable fund of up to \$1 million a year. Industry will be able to seek part funding for the costs of independent environmental certification or assessment.

The initiative for sustainable fishing and aquaculture, of course, not only comes from government; industry is increasingly also looking to respond to consumer demands. So it should.

Just recently, Sanford Ltd, Argos Ltd (U.K.) and New Zealand Longline Ltd announced their intention to seek Marine Stewardship Council (MSC) certification of the Ross Sea Antarctic Toothfish fishery and are moving to full assessment having completed the pre-assessment. Two other fisheries have also indicated they are looking at MSC certification in the near future.

When I look into the distant horizon, I believe there will be two types of fish market: the market for fish that is environmentally certified in a robust process - and fish from stocks that are being pillaged. New Zealand can only be on one side of that line.

I think that no matter what stance you take on recent issues - and not everyone has shared mine - there is only one vision for the future of our fishery that is compelling. It is a vision of ensuring we sustain our stocks as far into the future as our imagination can carry us.

It is a vision of ensuring we capture the value of the world's best fisheries management practice. Realising that vision will need a sector focused less on adversarial self-interest for particular sectors, and more on making the management system deliver more broadly across all sectors.

Realising it will require more progress in building the existing base of the rights regime and settlement.

We will need to stay up with the expectations of consumers everywhere and ensure we deliver the standards they expect.

It will require partnership between government and industry. That is not always easy, but it is preferable to the alternative. The government recognises that there are issues with the regime for which we have to take responsibility. Likewise there are issues for which the industry has to take responsibility.

As we work through these issues I urge you to participate positively in efforts to make it work for everyone. I urge you to consider the point of view the government - any government - is taking, because I strongly believe any government would want the industry to prosper.

If we can do that, we can look forward to a future in which we can all have considerable confidence in our fishing industry and pride in its contribution to New Zealand's economic, social and environmental wellbeing.

I wish you well for this conference and for the future.

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