

“Fishing for an Investment model of Marine Conservation”

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The title of this speech is “Fishing for an Investment Model of Marine Conservation”. My line is out. I have felt some nibbles and returned the odd undersized fish, but I’m still waiting for that tug that indicates I’ve caught the big one.

By marine conservation I do not simply mean bits of marine geography that are closed off to certain activities. I mean how we manage our oceans in an integrated, sustainable way so that the choices we currently benefit from are available to our grandchildren and future generations to come.

To improve my chances of a catch, I have baited my line with a proposition for you.

International concern and attention around environmental issues has heightened consumer awareness and activism. Your industry is one of many feeling the pressure from consumer power.

I acknowledge the efforts you are making to respond. You are aware that the strategy is not without risk. By appealing to consumer demands for environmentally-friendly practices and products at each point in the production chain from sea to market, you expose your business to closer scrutiny and the impacts of negative publicity.

My proposition is this. Having support for your approach from independent, credible sources is part of what you can build to manage the risk. DOC and other agencies provide that opportunity, so long as you can establish a robust case that we can back with confidence. To achieve such a partnership will require both of us to take a deep breath, move out of the past, and create a new future where we are working together for a more prosperous New Zealand.

I am going to take some time to build that case, and in doing so I make no distinction between land and sea management. Land, fresh water and the oceans are connected. What happens on one is directly relevant to the other.

Nature has a way of putting us in our place. We have seen more than we need of that in recent times. Pike River, the Christchurch earthquakes, the East Coast floods, the Auckland tornado...lives have been lost, businesses destroyed and farmlands seriously affected.

We easily attach the financial world, be it exchange rate changes, commodity price fluctuations or recessions, to our changing fortune. These tragic events remind us that our fortunes are equally tied to nature.

As an industry, you know the forces of nature and the consequences of not giving due respect to them. I watch with shock and awe every time I see footage of those boats negotiating the notorious Greymouth bar.

We are subject to nature. We are dependent on nature. We need the ecological services – the natural capital – that nature provides to survive and prosper. And that natural capital - the quality of our air, the amount of water, the stability of soil, the supply of fibre, the pollination of plants, the functioning of nitrogen and carbon cycles, the wealth that the oceans deliver for our sustenance, be it food, minerals or

energy, are not limitless. If we cannot live in harmony with nature; harvest and use those resources sustainably, then we are in trouble.

We are a country rich in natural capital. An island nation with all the benefits and costs of geographic isolation. That is what we must turn to our advantage in a competitive world that owes us no favours. Our present and future prosperity is tied in to ecological respect for our land and waters.

Let's remind ourselves what can happen when we gamble too heavily with nature.

EAST COAST VIDEO (2 Minutes)

I didn't show you that to apportion blame or wallow in tragedy. I showed it because it is a straight up example of what happens when we remove completely nature's safeguards – in this case almost the entire natural vegetation that binds these hillsides together and reduces the worst impacts of catastrophic weather events. That farmer lost 50 percent of his farm – and he was one of 100 or so farms seriously affected.

And the damage doesn't stay on the farm. That soil is washed down rivers and in to estuaries, harbours and bays. During that East Coast storm, coastal cliffs have also collapsed and inundated the Te Angiangi marine environment with sediment out to the dead low tide line. Dead pūua and butterfish have been washed up, reef fish and crayfish stocks appear to be decimated and nobody really knows how long it will take to disperse and for that marine environment to recover. Nor do we know what affects the storm has had on the wider east coast fisheries.

The area affected could just as easily have been a mining operation, energy generation plant, aquaculture farm, or an inshore fishery. And what would that do to the brand of fresh fish from the crystal clear waters of New Zealand?

We will always be hostage to a force majeure. But why do we continue to aid and abet the damage with unsustainable management practices when we could minimise it?

Fixing that doesn't mean returning to the false romanticism of a bygone era. It doesn't mean we have to lock the natural environment up everywhere forever. But nor does it mean ignoring nature, our dependence on the services that ecosystems on land and sea supply, and our stewardship responsibility to ensure those ecosystems are in a healthy, functioning, sustainable state.

Business, as a particular beneficiary of nature's services, as a key user of our natural capital, has a lead role to play in the health of those ecosystems that, if played smartly, will benefit it.

In saying that, I am not preaching a new social conscience or road to Damascus conversion that requires you to sign up to Greenpeace. I am talking about what business needs to do to survive and prosper, particularly in a small primary production, export-led economy that appeals to an environmental brand.

What business does a bureaucrat on a good salary have coming here telling you, who risk your capital, what your business is? Simply this. DOC is working under a new

and developing paradigm that conservation is good for business, and business is good for conservation. We want to support you to be successful in business because you engage in conservation, not despite engaging in conservation. We want collaboration and partnership for mutual benefit.

This is not a tricky new version of “I’m from the government and I’m here to help”. It is a message that DOC and the seafood industry need to wake up and both understand that they need each other because we are in the same game.

Our land and oceans are our past, our present and our future. The wealth of our future will be delivered in direct proportion to our stewardship of the finite resources they provide. That is our natural capital, and we need to invest in it as carefully as we do our financial capital.

I am confident that we are making the changes at DOC needed to play our role in that.

The changes are most apparent in tourism. The importance of maintaining natural New Zealand in a healthy state as a platform for tourism’s profitability is well understood. Tourism is some 10 percent of New Zealand’s wealth creation, and we know that almost all overseas tourists come here for some nature-based experience, whether it is sightseeing, skiing, cycling, fishing or whatever.

This is the brand New Zealand takes to the world – and not just for tourism. It is the expectation we have created around the world for much of our export products. Whether it is clean, green; 100 percent pure, authentic; a fun place; a friendly country that is a safe place to visit, fresh, natural food sustainably grown or harvested from green pastures and crystal clear water... there is no getting away from our dependency on nature-based standards.

Validating that brand and maintaining it as a leading brand involves more than rhetoric. It means sustainable management from the mountain tops to the oceans and down sea mounts to the ocean floor.

This is the heart of the conservation economy. There is value in that brand, but it is not a cheap brand to maintain, so we need to invest in it in ways that lead to greater prosperity.

It is also a brand that is increasingly being competed for. While we start with an advantage, it is ours to lose.

Worldwide, and not just in first world economies, consumers are becoming wise to environmental problems, increasingly alarmed at the impacts, and operating as the new regulators of corporate behaviour demanding sustainable goods and services. Environmentally-friendly practices right down the production chain are increasingly the guarantor of customer satisfaction and loyalty, and continued access to the supply chains.

Your own industry has experienced the way the world is going. Recall the New York Times article in 2009 in which New Zealand’s approach to the hoki fishery and by-catch took a hammering. Yes it was untrue, and the paper apologised.

Be annoyed, but do not dismiss the attention that is on our primary production export economy. The focus on orange roughy as a threatened species, the current campaign around the pacific tuna catch which is resonating with at least one supermarket chain here, the plethora of guides telling consumers what fish they can and can't eat in good conscience...these are signs of a trend that I know some of you are addressing.

Business is hostage to its customers. Customers may always be right, in that they vote with their pockets and when organised, are a powerful force. That does not necessarily mean they are correct. But over time weak arguments will be replaced by the inherent strength that underpins the mainstream consumers growing demand for environmentally-friendly products. And fundamentally, consumer sentiment and behaviour has a firm basis in international concerns round climate change, biodiversity loss, environmental degradation on a grand scale and the unsustainable use of scarce natural resources.

Anyone who looks at the evidence will surely conclude what the World Business Council for Sustainable Development concluded in a 2008 report, that : "We are literally dismantling the machinery that supports life on the planet".

The council is no bunch of greenies posing under a business banner. Established in 1992 to promote sustainable business practices, its members include General Motors, Deutsche Bank, Coca-Cola, Wal-Mart, Du Pont, BMW, PriceWaterhouseCoopers, and The Warehouse among some 200 international companies.

Business New Zealand links in to it, and its Chief Executive Phil O'Reilly is taking a lead in these issues. He is currently chairing the Government's Green Growth Advisory Group.

In a recent publication to members, Mr O'Reilly stated: "Taking action against climate change is essential to protect our 'clean, green' image. This image will work to our advantage in the international market place as sustainability becomes an important selling point for goods".

It may seem crass to say that climate change and concerns around unsustainable environmental practices create a potential competitive advantage for New Zealand. But connecting the ethics and the self-interest; intrinsic value and economic benefits, helps us better understand that sustainable management of natural resources is not just about nice things to do when time and discretionary resources are available.

It is a necessary investment in the natural capital that sits at the base of our economy.

If Green Growth sounds like a completely new route to economic growth, it is not. Real growth comes from what it always has come from; the hard, tough yards of normal business growth that involves building and retaining access to supply chains and consumer loyalty. Greening that growth means the growth path needs to be environmentally friendly. That means the hard road to real growth has got harder.

What does Green Growth, or its marine cousin, Blue Growth, mean for you?

It is hardly a revelation to you to say that the consumer trend towards seafood products that are genuinely sustainable will not go away.

Greening or Blueing the growth path is not necessarily about getting a premium price. It's more about ensuring you don't get locked out of the supply chain, and that you attract, keep and grow a strong customer base. Sustainability is increasingly the access card to the world's dominant food retailing chains, and as they compete on that front, the bar keeps going up. That makes consumers more educated, more aware, and more demanding.

On that front, your industry can argue a degree of proactive initiatives.

Ongoing proactive risk management work by the Deepwater Group has meant that awareness of protected species captures has increased throughout the deepwater fishing fleet. Open channels of communication between the Deepwater Group and government have allowed for by-catch issues to be dealt with in a timelier manner than in the past.

Members of the inshore bottom longline fishery have been collaborating with the Conservation Services Programme on techniques to reduce the risk of seabird capture, including allowing researchers on board. A system to bait hooks at a depth of several meters is being developed and trialled. And inshore trawl fishermen have invented, developed and used a number of mitigation devices designed to prevent the capture of seabirds on the trawl warps.

Offal management trials have been conducted in partnership with Sealords vessels to test ways of reducing the attractiveness of fishing vessels to seabirds and therefore reduce the risk of captures.

Southern Seabird Solutions is a good model for bringing the various interests, knowledge, skills and perspectives together to build trust and open disclosure. It is a place to identify best practise around "seabird smart" fishing practices.

Your benthic protection measures are a positive addition to the mix of marine protection.

Notwithstanding these efforts, I consider there is potential for partnerships that bring greater mutual benefit.

International thinking around the economics of the environment and biodiversity is developing fast. DOC is involved in a number of initiatives designed to create systems and tools to give the relationship substance, including offsets, mitigation and compensation.

Anna Pollock, a UK-based consultant who has been doing some work for the tourism industry here, puts it in a nutshell: "The economy is a wholly-owned subsidiary of the environment".

Her message is being taken up. In a white paper issued just this month, the British Secretary of State for Environment, Food and Rural Affairs, Caroline Spelman, stated:

“Too often, we take for granted the goods, services and amenity value that nature freely provides us. They risk being lost as a consequence. We can, and must, do things differently. With a new way of thinking, we can nurture them”.

That is the way that cutting-edge economic thinking internationally is going, and it is creating a major challenge to GDP, the conventional system for defining and measuring economic growth. GDP allows an individual to benefit from inadequate environmental accounting and load the future cost of any damage on to society later.

That is why taxpayers and ratepayers are currently forking out \$21.7 million to clean up the Tui mine.

This is not unusual; it is conventional economics, the way we do business and measure growth. In fact, both the private profit from the mine and the public cost of cleaning up the environmental mess are positives in GDP. The transferred costs are of no matter when it comes to GDP, but they are when it comes to your taxes and rates. In effect, you are subsidising the mine’s shareholders.

GDP as a system creates under the counter subsidies. That doesn’t mean we have to move to a polluter pays principle for everything. It does mean we should surface the subsidies and have a good national benefit business case for retaining them. They should not hide behind an inadequate economic descriptor.

In 2006, Statistics New Zealand produced a review of the marine economy between 1997 and 2002. In the marine protection section it noted the difficulty of measuring the cost-benefit and stated: “One reason for this is the difficulty in calculating the potential loss of economic value, for example the loss of trawling revenue, from establishing a marine reserve”.

That seems like a reasonable point to me. But I didn’t see the reverse statement for fisheries, which would read: One reason for this is the difficulty in calculating the potential loss of economic value, for example the loss of marine reserve revenue, from establishing a commercial fishery. Surely what’s good for the goose is good for the gander.

Whale and dolphin watching is a \$120 million industry, and that figure is 6 years out of date; the dive industry at Tutukākā, located in the Poor Knights Marine Reserve, generates \$4 million a year direct, about \$10 million indirect and employs over 60 people in the poorest performing economic region in New Zealand. And a 2008 study calculated that the marine reserve at Leigh puts \$18.6 million a year into the Rodney District economy.

But this is small bickies when compared with the value that marine eco system services can provide. A 1999 study out of Massey University estimated the value of New Zealand’s marine ecosystem services at \$184 billion. No doubt the methodology can be argued, but the concept of valuing our biodiversity is sound.

On that front, marine spatial planning has the potential to integrate the way we use the marine environment so that economic, environmental, social and cultural values are

accounted for in a sustainable use approach. Engaging with the marine spatial planning approach is in your interests.

When you value the natural environment, you can then value practices that protect it. It opens up incentives for a commercial operator who adopts innovative techniques towards sustainable fishing to be rewarded. It makes offset deals possible and in some cases attractive. It makes bio-banking possible. Biobanking! That's a system where you can bank the value of environmental measures taken that are over and above your footprint, and sell them to another operator who is in deficit. Sound silly? So did the idea of carbon trading not so very long ago. The most recent figures issued by the World Bank show that in 2006 carbon trading was worth \$64 billion, and that was a doubling of the year before.

But the point is, we do not yet properly value the natural environment. We devalue it.

This whole issue is bothering the World Bank. It's President, Robert Zoellick, former Vice Chairman of Goldman Sachs and US Trade Representative during George W Bush's presidency, has launched a programme to get governments to account for the value of nature.

"We know that human well-being depends on ecosystems and biodiversity," Mr Zoellick said in announcing the programme. "We also know they are degrading at an alarming rate.

"One of the causes is our failure to properly value ecosystems and all they do for us – and the solution therefore lies in taking full account of our ecosystem services when countries make policies".

The New Zealand Treasury is moving in the international direction. The outgoing Chief Executive John Whitehead recently released a Treasury paper "Working Towards Higher Living Standards for New Zealanders", in which he sets out a more expansive view of national prosperity incorporating financial, physical, human, social and natural capital. This follows the Australian Treasury's new measure of wellbeing.

In terms of natural capital, Mr Whitehead commented: "In New Zealand, stocks of natural capital, in particular the atmosphere, freshwater, fish stocks and biodiversity, are of particular importance to living standards," Mr Whitehead said.

Taking this broader view of economic growth gives greater sense to my ambition that DOC and the fishing industry can work in partnership to the benefit of your business and the aims of conservation.

There is a very good reason why we have a responsibility to travel that path. Take a look at this. What do you see?

MAP OF NEW ZEALAND OVERHEAD

I guess most people would say, I see a map of New Zealand. But it isn't.

MAP OF NZ INCLUDING EEZ

This is a map of New Zealand. This is our economic zone. This is the New Zealand that we have available on which to prosper into the future. The wet and salty bit is 20 times the size of the land.

Our Exclusive Economic Zone 200 miles out from the 12 mile sovereign territorial sea is one of the largest in the world and gives us special rights over exploration and use of marine resources. There is an element of international privilege attached to the exclusivity, and the stewardship of it by the controlling nation is carefully watched. Marine damage and pollution, overfishing and damaging fishing practices, sedimentation and so on are areas that the world keeps a close eye on. It is not ours to play with unnoticed.

The influential US-based Pew Foundation, established in 1948 and with over \$5Billion in assets, is taking a very active interest in the marine space and is currently promoting a proposal for extensive marine protection around the Kermadecs.

So we may be an isolated small island nation, but in terms of economic territory, we are highly significant and very visible to those pushing for better oceans management.

What we need to do is create added value out of better oceans management, so that the blue economy, which makes up 95 percent of New Zealand but contributes only 3 percent of GDP, can play a larger part in the prosperity of New Zealand and New Zealanders.

So this is my proposition. DOC and the seafood industry are joined at the hip in that endeavour, not rent asunder. There is a huge opportunity for us to connect for mutual benefit the state of the oceans and the way the seafood industry produces and markets its products. But to do so demands a new era where we both stop staring at each other across a divide and partner up to show the world that conservation is good for business, and business is good for conservation.

Na tou rourou, na toku rourou, ka ora ai te kaupapa
By sharing resources we achieve a better outcome

Tena koutou, tena koutou, tena koutou katoa.