



# Friday update



## Captain's Blog

October 13, 2017

**MPI cost recovery review lost at sea**  
In the post-election hiatus the Ministry for Primary Industries could still get on with an important project. That is a pan-primary sector cost recovery review that appears to have been abandoned without notice. That is despite an independent review being set up, a chairman appointed in the form of former High Court Judge Sir John Hansen, four pan-primary meetings over 18 months, extensive submissions from primary sector groups, separate sector working group meetings, allocation of senior MPI staff and substantial cost in time and effort. An industry reference group for the first principles review of cost recovery was set up in 2015 including wine, deer, pipfruit, food and grocery, forestry, farming, horticulture, meat and dairy sectors as well as seafood. The seafood sector is the one in the primary sector most hard hit by cost recovery levies, taxes by another name that total \$30-\$35 million annually, but all groups are subject to varying levels of charges for everything from veterinary inspections to observers on fishing vessels. The review reference group led by MPI agreed to adopt the guiding principles of equity, efficiency, justifiability and transparency. It undertook to determine when and who should be charged, which costs should be recovered and how charges should be structured. Separate to this MPI agreed to undertake

## In the Media



### Watch: Research claims fishing nets at fault for NZ sea lion decline

New University of Otago-led research [claims New Zealand sea lions getting caught in fishing nets](#) is a major cause of death.

Lead author and Otago University Department of Zoology PhD graduate Stefan Meyer said the study presented a major breakthrough.

"We now know that sea-lion exclusion devices have, despite all assumptions, obscured bycatch of New Zealand sea lions and that this factor posed a significant and ongoing impact to the population," he said.

A Seafood New Zealand spokeswoman told the *NZ Herald* "industry refutes the findings of this vague and contradictory report which is peppered with assumptions about the efficacy of sea lion exclusion devices".

Pup numbers on the islands increased 14 percent this year.

[Watch here](#)

a more targeted review of the cost recovery rules pertaining to fishing. This was to run in parallel with the operational review of the Fisheries Act 1996 that was announced by Primary Industries Minister Nathan Guy at the 2015 Seafood NZ annual conference in Wellington. The review of the Act has morphed into the Future of Our Fisheries that incorporates the problematic electronic reporting and monitoring system that was partially launched on Oct 1 and remains riddled with unknowns, errors and needless cost. However, the fisheries cost recovery review, like the wider pan-primary sector one, has sunk without trace. That is a disservice to fishing, the primary sector and the country as a whole.

Export targets under the National Government's ambitious Business Growth Agenda will not be met if key industries are saddled with onerous levies that inhibit investment.

There is no incentive for MPI to be either economical or accountable.

Cost allocation processes for operational activities remain a mystery.

An opaque cost-plus model allows the regulator to dictate that a service costs whatever it says it costs - and then add 20 percent for "overheads" to cover its administrative costs.

And we have been here before.

Much work was done a decade ago by the seafood sector in analysing the cost recovery regime, pointing to its flaws and proposing redress.

Good progress was being made until then Fisheries Minister Jim Anderton took umbrage at a legal challenge on a separate matter and shelved cost recovery review in retaliation.

That 2007 study was dusted off and reviewed in light of the cost recovery review. In the seafood sector's view it remained highly relevant.

It was submitted to MPI that it remained the case that the industry sought levies that were legally valid within the existing provisions of the Fisheries Act, that were reasonably and transparently set, were commensurate with the value of benefits and risks generated, incentivised service efficiency and recognised the general public interest through an equitable Crown/industry sharing of costs.

The cost recovery rules were constructed on the premise that a number of MPI services may be able to be provided more efficiently by industry or a third party. They were set as a transition measure, anticipated at the time to be two to three years.

Fifteen years on, we are still waiting.

---

---

## Niue announces marine park

The Niue Government has announced a marine park that will protect 40 percent of its Exclusive Economic Zone.

Premier Sir Toke Talagi said the move was to safeguard Niue's marine resources for generations to come.

"As you know climate change and all the things happening with respect to that is caused by people who are well outside Niue. But unfortunately, climate change does not have any borders," he said.

Commercial fishing will be banned from the area, said Talagi.

The news was welcomed by environmental groups.

WWF-New Zealand chief executive Livia Esterhazy said the announcement was a "step forward for marine conservation in the Pacific".

"There's a huge opportunity for New Zealand to keep this momentum going by establishing the Kermadec Rangitāhua Ocean Sanctuary now. We Kiwis love our oceans, and we want to protect them," Esterhazy said.

The new marine protected area will be the 28th largest in the world once established.

---



---

## Kermadec sanctuary challenge fails

Two iwi fishing companies have had their legal challenge against the Government's Kermadec Ocean Sanctuary Bill thrown out of the High Court.

In February, Twa Holding Company and Ngati Mutunga O Wharekauri Asset Holding Company applied to the High Court to rule the proposed bill unlawful.

The companies said the bill would impinge on the Treaty of Waitangi, 1992 Maori Fisheries Deed of Settlement and Bill of Rights Act.

But Justice Karen Clark said the court could not consider the effect the bill would have without questioning the legislation.

"It is sophistry to suggest the court may assess alleged impacts on rights flowing



## 10th anniversary of ocean acidification research

A decade of scientific research into how ocean acidification is affecting New Zealand waters has led to far greater understanding of the vulnerability of our marine ecosystems, [according to a newly published review](#).

However, projecting what might happen to marine species, including those crucial to New Zealand such as pāua and mussels, will require the development of advanced ecosystem modelling that accounts for the complex nature of our coastal waters.

It's been 10 years since NZ scientists first started exploring the impacts of changing ocean chemistry as a result of increased uptake of carbon dioxide.

Now those same scientists have summarised their findings, examined the threat ocean acidification poses to our highly diverse coastal and open ocean waters, and spelt out the need for new research to more accurately predict what will happen in the future.

[Read more](#)

from the establishment of the sanctuary without engaging in an examination of the legislative instrument without which the sanctuary does not exist," she said.

---

There are big plans for aquaculture in Southland. A report from the Aquaculture Project for Southland wants to increase salmon production from 3000 tonnes to 28,000 tonnes by 2020, resulting in 370 new jobs. The goal is part of the Southland Regional Development Strategy and will bring together multiple stakeholders to explore the potential for new aquaculture space. *Stuff* reported the increase in production would create an extra \$214m in export earnings and add \$60m to Southland's GDP.

Four businesses in Nelson will take part in a new event that aims to remove challenges faced by the local primary sector. New Zealand King Salmon, Chia, Pic's Peanut Butter, and Tasman Bay Food Group will take part in the 'HackNelson' event. Teams of five to ten people from each company, made up of designers, engineers, and software developers will come up with a business concept, create a prototype and present their solution to a judging panel. *Stuff* reported the event will take place on November 10-12 at the Nelson Marlborough Institute of Technology, with cash up for grabs for the victors.