Fisheries Economics and Policy in Devolved Application – Overview

Presentation for Special Session
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Introduction

- Bruce Shallard
  - Overview of NZ fisheries
  - What led to Devolution
  - Devolution Process
  - Application/ Effectiveness

- Mark Jones
  - FishServe Governance
  - Transition from Government
  - Drivers and Values
  - Service Efficiency
New Zealand Background

- Small, developed, multi-cultural country in the south west Pacific.
- Population of 4.2 million (66% European descent / 15% Maori)
- "Westminster" (British) form of parliamentary democracy
- Independent judiciary based on British legal system/common law
- Strong public and private institutions
- Open market economy:
  - GDP: $US70 billion
  - Per capita income: $US25,000
- Maori have a long history of fishing but commercial industry relatively recent
Perspective

• EEZ & Territorial Sea
  o 4.4 million sq km (world’s 5th largest)
  o 15 times land mass
  o 72% below 1000 m

• Coast line:
  o 15,000 kilometres
  o Many outlying islands
  o Climate: sub-tropical to sub-Antarctic

• Diverse range of eco-systems
  o 16,000+ marine species
  o 1,300 fish species
  o Fishery productivity: medium
NZ Fisheries – Key Features

- Species commercially fished: 130
- Current status information available on 65% of stocks
- 85% of these at or near target size
- Recreational fisheries:
  - Estimated participation: 31% of population
  - Estimated annual take: 25,000 tonnes
  - Managed by effort controls
- Maori involvement in fishing:
  - Non-commercial customary fisheries management devolved to hapu
  - Customary take provided for: 4,800 t
  - Iwi own approx 30% of commercial quota
NZ Commercial Fisheries

- Total Catches: 441,000 tonnes
- Total quota value: $3.97 billion
- Fish Exports:
  - Approx 90% of total production
  - 2007 Value: NZ$ 1.3 billion
- Hoki has MSC environmental certification; others fisheries being assessed
- 1,316 fishing vessels
- 1,592 quota owners
- 229 fish processors & traders
- 7,155 directly employed:
- Aquaculture species: mussels; oysters; salmon
- Direct subsidies: Nil
What led to Devolution
Key Developments since 1986

- 1990 - ITQs changed: kgs to shares
- 1992 - Settlement of Maori fisheries claims
- 1994 - Cost recovery implemented
- 1996 - Stronger environmental protection provisions
- 1999 - Fisheries Amendment Act
  - Provision for devolution of fisheries services
  - Long-term and within-year rights separated; Annual Catch Entitlement (ACE)
  - New mechanism for managing fish bycatch in multi-species fisheries
- 2001-05 - Major increase in # species in QMS
- 2009 - 97 species; 632 stocks in QMS
Information Management – the Basis for Fisheries Management

- Research
- Catch & Effort
- Boat Licences
- Quota Trading
- Landing Return
- Export Data
- Market Information
- Fish Processing

QMS DATABASE

A Coordinated Approach

- Reporting on Fishery
- Setting TAC
- Policy
- Enforcement
- Monitoring and Surveillance
Devolution Process
Devolution Process Internationally.

- Distinction between international context of devolution and co-management and devolution in New Zealand.

- Internationally co-management and devolution is central Government moving closer to the (fishing) community, engaging in co-management with fishing interests or devolution of central Government powers to regional or local government.

- Government maintains responsibility for delivery.
New Zealand Fisheries Devolution Applied

- The NZ approach to “best practise” fisheries management was to devolve registry/licensing services
- Management of science data separately contracted to a Government owned research company, and
- Compliance data remained in the Ministry
- Devolution was a ‘revolutionary concept’, taking services that were traditionally delivered by Governments and allowing private interests to deliver.
Why Devolution

- In opening up the NZ economy, Government decided to devolve fisheries functions
- Devolution supported by industry keen for more say in how their money (through cost recovery) was spent.
- Unrelated was capital decisions on replacement of Ministry IT systems.
- These shaped the decisions and critical impetus to Government and fishing industry to co-operate
- It was the “Perfect Storm”
New Zealand Fisheries Devolution

- In NZ fisheries devolution means central Government devolving certain functions, duties and powers to an Approved Service Delivery Organisation (ASDO)

- FishServe appointed as the ASDO

- Role of Government changed to setting delivery specifications and standards then monitoring/auditing the delivery of the service.

- The Government has no delivery function after devolution of the function.
Application and Effectiveness
Application - Results

• A Ministry review in 2008 concluded that FishServe had shown since 2001 that it has the systems, expertise and processes to efficiently deliver the services”.

• Both Government and Industry as the two key stakeholders interested in efficient and cost effective service delivery, were satisfied with the results.
Cost Effectiveness.

Source: Ministry of Fisheries and FishServe Data

Nominal Costs = (24%)
Real Costs = (37%)

FishServe operates devolved registry functions

Outsourcing contract with Datacom
Devolution of Registry functions

Year

$ (millions)
0 2 4 6 8 10 12 14

Nominal Total costs (after industry credits)
Real Total costs (after industry credits)

Source: Ministry of Fisheries and FishServe Data
Cost Effectiveness.

Reduction in Costs

- Devolved
- Contract

$ millions

Continues to this day
Never had inflation increase
Cost Effectiveness

• The conclusion in 2008 was that total costs of delivering registry had fallen (both in nominal and real terms) following the introduction of the devolved model (Cost Focus); and

• There had been no negative impact on quality of registry services provided following devolution (Quality Focus).

• The updated table confirms this is still the case

• In 2013 FishServe’s approved delivery status for devolved and contract services was extended until 2023.