



Fisheries/Tini a Tangaroa
Portfolio Briefing 2023

Te Kāwanatanga o Aotearoa
New Zealand Government

Ministry for Primary Industries
Manatū Ahu Matua



Purpose

This briefing provides an overview of:

- the role of the Minister for Oceans and Fisheries, and the role of the Ministry for Primary Industries and Fisheries New Zealand
- the fisheries and aquaculture sector and how they are currently managed, and
- key challenges and opportunities for the seafood sector and strategic priorities.

Proactive Release

The role of the Minister for Oceans and Fisheries

New Zealand is responsible for one of the largest and most biodiverse marine areas in the world. Our fisheries resources and marine environment are important to our communities, culturally and recreationally, and make a significant contribution to our economy. Fisheries are used by commercial, recreational and customary (tangata whenua - hapū and iwi) fishers. Aquaculture is an important source of seafood and supports the prosperity of some regional economies. In 2022, the seafood sector generated \$2.1 billion in exports.

The Minister for Oceans and Fisheries provides strategic direction for the management of fisheries and development of aquaculture.

The Minister for Oceans and Fisheries' specific responsibilities include:

- Providing for the utilisation of fisheries resources while ensuring sustainability under the Fisheries Act 1996.¹ This includes decisions about:
 - where, when, and how much fishing can be undertaken, and
 - how the impacts of fishing on the aquatic environment and protected species are managed.
- Ensuring the fisheries and aquaculture rights and interests of tangata whenua are considered, recognised and provided for. This includes:
 - delivering obligations under the 1992 Fisheries Deed of Settlement and Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 (Fisheries Settlement), Māori Commercial Aquaculture Claims Settlement Act 2004 (the Aquaculture Settlement), and historical settlements under the Treaty of Waitangi/Te Tiriti o Waitangi (the Treaty) with specific iwi that include obligations relating to fisheries and aquaculture, and
 - providing for the input and participation of tangata whenua in fisheries management.

- Making decisions, alongside the Ministers of Foreign Affairs and Conservation, on New Zealand's negotiating positions in international fora which impact fisheries.
- Approving permits for high seas fishing and research in the Southern Ocean, under the Antarctic Marine Living Resources Act 1981.
- Supporting aquaculture development, including some specific functions under the Fisheries Act 1996 and Resource Management Act 1991.
- A role in decisions on overseas investments in fishing quota.
- A role under the Marine Reserves Act 1971 in deciding whether proposed Marine Reserves should be established within the Territorial Sea², and under the Marine Mammals Protection Act 1978 in deciding whether marine mammal sanctuaries should be established.

The Minister for Oceans and Fisheries is responsible for the following legislation:

- Aquaculture Reform (Repeals and Transitional Provisions) Act 2004,
- Driftnet Prohibition Act 1991,
- Fisheries Act 1996,
- Fisheries (Quota Operations Validation) Act 1997,
- Kaikoura (Te Tai o Marokura) Marine Management Act 2014,
- Māori Commercial Aquaculture Claims Settlement Act 1992,
- Māori Fisheries Act 2004, and
- Treaty of Waitangi (Fisheries Claims) Settlement Act 1992.

¹ The Minister for Oceans and Fisheries is not responsible for several freshwater fisheries managed by the Department of Conservation under the Conservation Act 1987, including trout and whitebait.

² The Territorial Sea is an area of water adjacent to the coast out to 12 nautical miles.

The Minister for Oceans and Fisheries works alongside other Ministers and institutions that have a role in managing the marine environment, supporting economic development, supporting the Crown-Māori relationship and delivering obligations under the Treaty.

Due to the interdependencies between Ministerial portfolios, there are opportunities to coordinate on significant broader marine work programmes, consider cross portfolio objectives, and make collective decisions.

This briefing focuses on the fisheries components of the portfolio. The cross-agency Oceans Secretariat, led by the Department of Conservation (DOC), will provide you with a separate briefing covering cross-portfolio oceans issues.

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The role of the Ministry for Primary Industries and Fisheries New Zealand

The Ministry for Primary Industries (MPI) and its business unit, Fisheries New Zealand (FNZ), are the Government's principal advisors on the management of fisheries. FNZ has a significant regional presence, with staff in 21 locations.

MPI and FNZ have the following responsibilities and capabilities, for which the Minister for Oceans and Fisheries has strategic oversight:

- **Fisheries and aquaculture policy:** We provide policy advice on fisheries and aquaculture to support the Minister to achieve desired outcomes through the development of new regulations and legislation, funding and investment, and partnerships and collaboration.
- **Fisheries management:** We administer the Fisheries Act 1996 and support the Minister to sustainably manage New Zealand's fisheries. This includes providing advice on catch limits, measures to manage the effects of fishing on the aquatic environment, and on the fisheries rights and interests of Māori.
- **Aquaculture:** We advise the Minister on aquaculture management and work with other agencies to support sustainable aquaculture development. We also regulate elements of land-based aquaculture development, and assess the impact new marine farms have on fishing.
- **Supporting innovation:** During 2023, a Leadership Group including people with industry, Māori, environmental, worker, and innovation perspectives developed a plan for the future of the wild-capture fishing sector. The plan includes 22 actions to reduce the environmental impacts of fishing, increase the value received from commercial wild-capture fisheries and to support people and communities.
- MPI administers the Sustainable Food and Fibre Futures Fund, which co-invests in innovative projects to improve environmental and economic outcomes. Since the launch of the fund in October 2018, MPI has supported 46 seafood and aquaculture projects worth \$68m. \$30.9m of this was from MPI and \$37.1m from industry. We also work with other agencies that administer innovation and science funds such as the Regional Strategic Partnership Fund and the Sustainable Seas National Science Challenge.
- **Delivery of fisheries and aquaculture Treaty obligations:** We ensure fisheries and aquaculture rights and interests of tangata whenua are provided for. We lead negotiations on redress relating to fisheries and aquaculture as part of historical settlements. This includes delivering the Crown's obligations under the Fisheries Settlement, providing for the input and participation of tangata whenua in fisheries management decisions, and leading negotiations with iwi on a regional basis to deliver the Crown's obligations under the Aquaculture Settlement.
- **Science:** We administer a fisheries science programme with a budget of approximately \$23 million per year. The programme includes research surveys to estimate fisheries abundance, environmental assessments, and studies of ecosystem interactions and biodiversity, to support fisheries management decisions. Research to support sustainable aquaculture is also undertaken. We contract research from a range of providers, with the National Institute of Water and Atmospheric Research (NIWA) being the most significant.

- **Fisheries monitoring:** Commercial fishing vessels and activities are monitored at sea. Fishers are required to report their catch and positions electronically in near real time. We place fisheries observers on commercial vessels to independently collect data on catch and other information.³ The roll out of on-board cameras is also in progress, which significantly increases the verification of fisher reporting on inshore vessels.
- **Fisheries compliance and enforcement:** We encourage and enforce compliance, including prosecuting breaches of fisheries law. Fishery officers patrol New Zealand's coastline and conduct commercial, recreational, and customary inspections. We also work with the New Zealand Defence Force within New Zealand waters, the Ross Sea and the Pacific Ocean to inspect fishing vessels.
- **International fisheries:** We participate actively in international fisheries governance, including trade and management of shared fish stocks, to shape global rules and protect New Zealand's interests (alongside the Ministry of Foreign Affairs and Trade (MFAT)). This is done through fora such as the United Nations and Regional Fisheries Management Organisations⁴, and other international organisations. We seek to maximise benefits from international fisheries by supporting sustainable fisheries, increasing trade access, and by building the capacity of Pacific Island countries to sustainably manage fisheries.
- **Oceans Secretariat:** Established in June 2021, the interagency Oceans Secretariat is comprised of officials from DOC, MPI and Ministry for the Environment (MfE), with support from MFAT. The Oceans Secretariat supports integrated decision-making across government.
- **Broader primary sector functions:** MPI provides a number of important cross-cutting functions and services to support the safe and sustainable production, consumption and export of seafood. This includes specific functions for food safety, biosecurity, and export market access.

3 Approximately 90 fisheries observers are employed on a permanent intermittent basis, with around 260 deployments to fishing vessels a year.

4 The regional fisheries management organisations that New Zealand is a party to are the Commission for the Conservation of Southern Bluefin Tuna; the South Pacific Regional Fisheries Management Organisation; and the Western and Central Pacific Fisheries Commission; plus the Commission for the Conservation of Antarctic Marine Living Resources which is part of the Antarctic Treaty System.

The Fisheries Management System

The Fisheries Act 1996 provides for the utilisation of fisheries resources while ensuring sustainability. This requires management of the effects of fishing on fish stocks and the aquatic environment.

As a primary management measure, a Total Allowable Catch (TAC) is set for each fish stock. The TAC aims to maintain fish stocks at or above a level that can produce the maximum sustainable yield. This is informed by the best available information including scientific assessments, while taking into account uncertainty. Within the TAC, an allocation for customary, recreational, and commercial catch is made, and other sources of mortality from fishing accounted for. Commercial fishing is limited by the Total Allowable Commercial Catch (TACC).

Public input is important in making decisions about fisheries resources and aquaculture. We engage extensively with tangata whenua and stakeholders to ensure decisions about sustainable utilisation are well informed.

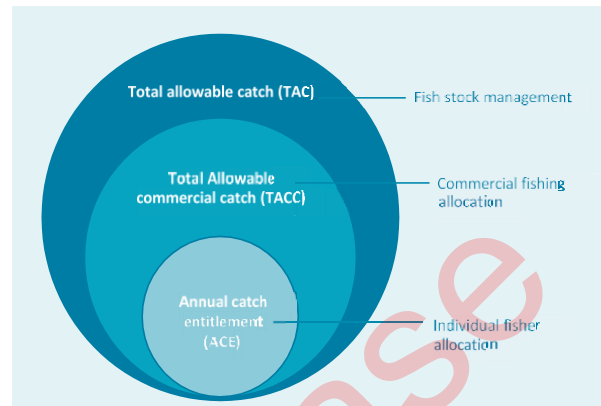
An overview of the status of fish stocks is provided in **Appendix 1**, and an overview of the management of interactions between fishing and protected species and the aquatic environment is in **Appendix 2**.

Commercial fisheries

Commercial fishing in New Zealand is managed under the Fisheries Act, including the Quota Management System (QMS), which allocates shares in each fish stock as quota. There are 98 species (or species groups) in the QMS divided into 642 fish stocks.

Quota generates an entitlement to catch a proportion of the TACC each year known as Annual Catch Entitlement (ACE) within the relevant Quota Management Area (QMA). The relationship between the TAC, TACC and ACE is depicted in the following diagram.

Both quota and ACE can be traded. Providing long-term fishing rights via quota incentivises sustainable fishing practices and economic efficiency, as quota owners are incentivised to protect the value of quota. Quota has been valued at around \$10 billion in total.



The QMS is complemented by other measures to manage the effects of fishing on the aquatic environment, such as restrictions on fishing methods in certain areas. Plans set out the strategic direction and objectives for certain fisheries or areas, such as deepwater fisheries, and for managing the threats of fishing to protected species.

Any person or company wishing to fish commercially in New Zealand waters must hold a fishing permit and use a registered vessel. All commercial fishing permit holders are required to report their fishing activity electronically (amongst other requirements set out in the Fisheries Act and secondary legislation).

Much of the cost of managing commercial fisheries is recovered by Fisheries New Zealand via annual levies on quota owners. Such costs include research, compliance functions, observer coverage, on-board cameras, registry services and conservation services.

The total cost to be recovered from industry for the 2023/24 fishing year is \$41.2 million, which is up \$4 million on the year prior. The key reasons for this increase are on-board cameras and increased costs for registry services.

New Zealand also has commercial fishing interests beyond our waters. New Zealand fishing vessels can be issued with high seas fishing permits to enable them to fish in the waters of other countries and on the high seas.⁵ While the vessel numbers are small, these opportunities are of high value to the companies concerned.

Wild capture fisheries accounted for \$1.6 billion in export revenue for the year ended June 2023. 839 commercial vessels fished in the 2022 calendar year. 50 of these were deepwater vessels⁶, which were responsible for landing 78% of total catch.

An overview of New Zealand's fisheries waters and commercial fishing effort is provided in **Appendix 3**.

The seafood industry is also an important employer, with approximately 12,000 people employed in the industry (including aquaculture) in 2021. Of this, approximately 6,100 people were employed in core production and 4,500 people employed in core processing, with the remainder employed in strongly connected and relevant industries, such as fish and seafood wholesaling, ship and boat building and repair services.

Seafood New Zealand is a peak industry body with a primary focus in deepwater and inshore wild capture fisheries. Other representative entities are the New Zealand Rock Lobster Industry Council, the Pāua Industry Council, and the Specialty and Emerging Fisheries Group. The New Zealand Federation of Commercial Fishermen represents small to medium owner-operator fishers.

Commercial fishing is important to Māori, who hold around 40 percent of quota and significant fishing related assets.

Māori commercial fishing claims were settled by the Māori Fisheries Act 1989 which provided 10 percent of existing quota (or the equivalent value) and the Fisheries Settlement which provided 20 percent of quota for species introduced after 1992. It also provided \$150 million to purchase 50 percent of Sealord Products Limited. Te Ohu Kaimoana holds and allocates settlement assets to iwi under the Māori Fisheries Act 2004 and the Māori Commercial Aquaculture Claims Settlement Act 2004.

⁵ The waters outside the national fisheries jurisdiction of any country.

⁶ Deepwater vessels are large and relatively expensive, allowing them to catch large quantities of fish and operate in adverse conditions offshore. A vessel has been considered 'deepwater' when over 70% of its trips fished in 2022 were deepwater trips.

Recreational fisheries

Recreational fishing is a popular activity that is an important part of many New Zealanders' lives. Recreational fishing also makes an important contribution to the economy and provides employment in many coastal areas, through supporting tourism and fishing related businesses (such as gear retailers and charter fishing operations).

Approximately 600,000 New Zealanders fish each year (around 13% of the total population).⁷ In 2018, New Zealanders went on 2 million fishing trips, catching over 7 million fish and 3.9 million shellfish. About half of all recreational fishing occurs around the north-east coast of the North Island along the coastline from the tip of Northland to East Cape.

Recreational fishers vary significantly in terms of ability and involvement, from semi-professional competition fishers to those who fish for subsistence, or once or twice a year.

Recreational fishing is managed through amateur fishing regulations. A recreational allowance is set as part of the TAC, and management measures include bag limits, minimum legal sizes, and seasonal and spatial closures. It is illegal to buy, sell, or swap recreationally caught seafood.

There are numerous local recreational fishing bodies (approximately 7 percent of recreational fishers are members of a club) with a range of interests. The New Zealand Sport Fishing Council is the national not for profit organisation representing and advocating for the interests of many sports fishing clubs.

The recreational fishing sector often has concerns about the abundance and allocation of shared fisheries, competition for space and localised depletion issues, which can contribute to conflict with the commercial fishing sector.

⁷ This data is from the most recent National Panel Survey of Marine Recreational Fisheries, covering the 2017-18 period. A new survey is currently underway.

Customary fisheries

Customary fishing rights for Māori are guaranteed under the Treaty. The Fisheries Settlement settled claims relating to customary fisheries by requiring the Minister for Oceans and Fisheries to recognise and provide for non-commercial customary food gathering by Māori and the special relationship between tangata whenua and important customary food gathering areas.

Management of non-commercial customary fishing activities is enabled through an authorisation system for taking fish for specified customary purposes with the approval of Tangata Kaitiaki/Tiaki nominated by tangata whenua and confirmed by the Minister. Tangata Kaitiaki/Tiaki are appointed guardians who can authorise customary seafood gathering within their rohe moana (a coastal and marine area over which a hapū or iwi exercises its mana and kaitiakitanga). Over 700 Tangata Kaitiaki/Tiaki have been appointed.

In addition, the Minister can provide for traditional fishing rights through recognising important customary fishing grounds as areas where tangata whenua can undertake management and propose bylaws to manage fisheries resources (such as Taiāpure and Mātaitai Reserves). 56 Mātaitai Reserves and 11 Taiāpure have been established.

The Minister has an ongoing duty to make regulations to recognise and provide for customary food gathering where existing regulations do not provide for the circumstances of hapū /iwi. Through individual Treaty settlements, the Crown has committed to six sets of new regulations.

Aquaculture

Aquaculture accounted for approximately \$730 million in revenue for the year ended June 2023 (\$528 million being export revenue). The main species grown in New Zealand are greenshell mussels, chinook salmon (also known as king salmon) and Pacific oysters. There is also increasing interest in new species such as seaweeds and kingfish.

The main aquaculture regions in New Zealand are Northland, Coromandel, Marlborough, Tasman and Southland. Significant aquaculture development is also anticipated in the Bay of Plenty.

Management of aquaculture activities is primarily the responsibility of local authorities under the Resource Management Act, who hold responsibilities for aquaculture planning and consenting. Since 2019, MPI has been implementing a sustainable growth strategy for the sector, with a goal of growing the sector to \$3 billion in revenue.

Māori have a significant interest in aquaculture. The Aquaculture Settlement provides for a full and final settlement of Māori commercial aquaculture claims and provides iwi with 20 percent of future aquaculture growth through access to aquaculture space, its equivalent cash value, or a combination of space and cash. This obligation is delivered prospectively based on forecasting and valuing future growth and settled through negotiated regional agreements. Delivering the settlement prospectively enables iwi to access aquaculture space early and at an economically viable scale to facilitate the development of iwi aquaculture alongside private development.

Aquaculture New Zealand represents the aquaculture industry, bringing together the membership of the individual species bodies, the New Zealand Mussel Industry Council, the New Zealand Salmon Farmers Association, the New Zealand Oyster Industry Association, and the Aotearoa New Zealand Seaweed Association.

The Relationship between Māori and the Crown

As outlined above, Māori have significant rights and interests in commercial, customary and recreational fisheries, aquaculture, and the management of the effects of fishing on the environment. This makes effective engagement between Māori and the Crown critical.

Acting consistently with the Treaty and its principles and giving effect to obligations under Treaty Settlements (including the Fisheries and Aquaculture Settlements) is a priority for MPI. As part of individual Treaty settlements, we have established protocols that set out processes for engaging directly with Māori on fisheries matters through regionally focused Iwi Forums.

To date Iwi Forums have been established in the Far North, Mid Northland, Bay of Plenty, Ngāti Porou, Hawke's Bay/Wairarapa, North Taranaki to Kāpiti, Coastal Waikato/King Country, Nelson/Marlborough, South Island and the Chatham Islands (the Chatham Islands Forum is not currently operating). A further Forum is under development in the Hauraki Gulf.

Effective engagement with Te Ohu Kaimoana is also a priority. Te Ohu Kaimoana was established under the Māori Fisheries Act 2004 to advance the fishing interests of iwi individually and collectively, and to advise on and allocate fisheries and aquaculture settlement assets to iwi. Te Ohu Kaimoana advises many iwi on fisheries and aquaculture management and policy processes, and iwi sometimes mandate Te Ohu Kaimoana to represent their views.

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Current context for the fisheries portfolio

Seafood export context

Seafood businesses are an important part of our regional economy. The seafood industry is export oriented and continues to demonstrate export growth. Seafood export revenue makes up 4 percent of total food and fibre sector export revenue. Export revenue is forecast to increase 1 percent to \$2.1 billion for the year to 30 June 2024.

Despite high recent export prices, increases in input costs such as fuel prices have affected the profitability of seafood businesses. Input prices for fishing and aquaculture products have been increasing at a faster rate than sale prices since the beginning of 2022. Higher prices have also been offset by lower overall export volumes due to various challenges to production and processing including weather, supply chain and workforce issues.

Some of these challenges have been gradually easing in the past year. The price of fuel has decreased since the highs seen after Russia invaded Ukraine, and despite the disruption caused by the COVID-19 pandemic, global freight reliability has improved significantly over the last year. However, the sector continues to face other challenges impacting production costs and export volumes. The price of diesel remains at historical highs, and while pressure has eased the sector continues to face labour shortages.

The long-term outlook for the seafood industry is broadly positive, with revenue forecast to be driven by increasing demand and prices. The ongoing recovery from the COVID-19 pandemic and key investments in aquaculture are expected to support growth by slowly contributing to increased export volumes. Addressing regulatory barriers and supporting investment could unlock significantly faster aquaculture growth. However, there are also potential headwinds, particularly with slowing economic growth in China (which is New Zealand's top seafood export destination by value).

International context

Strengthened international frameworks for sustainable fisheries and an increasingly challenging international environment are shaping our work to protect New Zealand's fisheries and wider interests.

The effective management of Pacific and Southern Ocean fisheries is important to New Zealand's interests. This includes our commitment to the stability and economic prosperity of the Pacific region, protection of New Zealand's fishing rights, conservation of the marine environment, and our long-term interests in peace, security and effective governance of Antarctica and the Southern Ocean. Geopolitical tensions however are challenging global and regional governance arrangements.

International arrangements and their rules have direct impacts on New Zealand's domestic framework, including the management of tuna in our waters. Over recent years a number of significant agreements have been reached, including a UN agreement on the protection of marine biodiversity in areas beyond national jurisdiction, a World Trade Organization Agreement on Fisheries Subsidies, and the Kunming-Montreal Global Biodiversity Framework (under the Convention on Biological Diversity).

Key seafood markets like the United States, the European Union and Japan are increasing their scrutiny of the legality and sustainability of seafood imports and the pressure to eradicate Illegal, Unreported and Unregulated (IUU) fishing is increasing. We are progressing the Fisheries (International Fishing and Other Matters) Amendment Bill to strengthen rules against IUU fishing, and are developing a Government response to an inquiry by the Foreign Affairs, Defence and Trade Select Committee on IUU fishing.

In 2022, the United States' Court of International Trade required a temporary stop to imports of nine species caught by set net or inshore trawl in the Māui dolphin habitat off the West Coast of the North Island, valued at around \$2 million per year, until the US government reassesses New Zealand's bycatch measures as being comparable to those of the US. We await the outcomes of this reassessment.

Marine environment sustainability context

The role of the fisheries management system is to enable the use of New Zealand's fisheries resources while ensuring sustainability. This includes ensuring our seas are healthy and there are enough fish for future generations. Overall New Zealand's fish stocks are in good health, with action already taken or underway for some stocks where there are sustainability issues or localised depletion.

The marine environment faces a range of new and increasing challenges, both from activities at sea and on land. These challenges include the impacts of climate change, increased competition in the use of the marine environment, land-based effects (such as sedimentation) and the effects of pollution. There is a growing focus on the impacts of fishing on the broader marine environment, particularly the seafloor and protected species such as seabirds, and there are greater public and consumer expectations for the application of more ecosystem-based approaches.

In the marine environment, there is a diversity of values (cultural, economic, environmental, social, and recreational), Māori rights and interests, and a range of stakeholders (often with conflicting interests). Effectively recognising and balancing the range of values and participants in the marine environment is a key part of all our work.

Increasingly, iwi and coastal communities are looking for more localised and responsive fisheries management that better accounts for and reflects local pressures and conditions. For example, the number of applications for temporary closures of local fisheries is increasing, often in response to localised depletion.

Climate change is increasingly affecting marine activities

In a changing climate, managing fisheries and developing sustainable aquaculture is also becoming more complex. The impacts of climate change on the land and sea are increasing, including both long-term gradual changes, and short-term impacts such as marine heatwaves and extreme weather events. Both can affect the abundance and distribution of marine life, impacting how and what we grow and harvest.

We are already seeing the effects of climate change on fisheries and aquaculture, such as warming ocean temperatures affecting the areas suitable to grow some aquaculture species, localised losses of some

habitat forming species like kelp, and some species appearing in waters further south than before. Cyclone Gabrielle recently caused significant amounts of sediment and debris to enter the marine environment in some areas of Hawke's Bay and Gisborne, highlighting the risks associated with more frequent and extreme weather events.

In terms of broader New Zealand climate goals, both wild capture fisheries and aquaculture produce protein with relatively low greenhouse gas emissions. However, there is a need to continue to reduce emissions. The commercial fishing fleet, which is largely reliant on diesel fuel, accounts for around 4 percent of New Zealand's total transport emissions.

In response to climate challenges the commercial fishing sector has developed the Seafood Sector Adaptation Strategy, which is focused on building commercial seafood sector resilience and taking action in response to climate-related risks and opportunities.

Growing focus on ecosystem-based management approaches

To address environmental pressures and ensure the marine environment is resilient and sustainable, there is a growing focus on further applying ecosystem-based approaches to fisheries management, and in ensuring our management is flexible and responsive.

An ecosystem-based approach to fisheries management requires integrated management of competing values and uses of fisheries resources while maintaining the ecosystems that support them. This includes managing the impacts of fisheries on the ecosystem, including through actions implemented through the protected species National Plans of Action, the Hauraki Gulf Fisheries Plan, and work to recognise habitat of particular significance for fisheries management. We have also been progressing more integrated approaches to fisheries management in some fisheries. For example, we are looking to move from single species management towards simultaneous management of stocks that are caught at the same time.

Recent regulatory changes will change how the commercial fishing sector operates

Recent changes to commercial fishing rules and the rollout of on-board cameras will strengthen and modernise the management of commercial fisheries, through improving fishing practices and increased levels of verification.

The Fisheries Amendment Act 2022 changed rules relating to commercial discarding of species subject to the Quota Management System (QMS). All QMS species must be landed unless an exception is issued by the Minister in accordance with exception provisions set in the Act. This will help incentivise more selective targeting of fish. A four-year transition period is underway where existing exemptions for over 20 QMS species will be reviewed against the new criteria and adjustments made to fisheries management settings. This transition will also provide fishers time to modify their practices.

The rollout of on-board cameras will see installation of cameras on up to 300 vessels by early 2025, representing around 85 percent of the inshore catch (by volume).

Following initial delays to resolve technical issues in early 2023, cameras have been operating on the first rollout group of West Coast North Island inshore trawl and set net vessels since August 2023. North, East and South Coast South Island inshore trawl and set net vessels went live on 31 October, with cameras scheduled to be on over 100 vessels by January 2024.

On-board cameras will significantly improve the quality of fisher reported data, increase transparency and trust both domestically and internationally, and drive positive on-the-water behavioural change. Electronic reporting of fishing activity already provides rapid access to fine scale catch and bycatch data. This information can be used for innovative approaches to managing fisheries and mitigating risks to protected species.

Significant transition under way for inshore fishers

As a result of these changes, significant changes to fishing practice may be required by some fishers, particularly inshore fishers currently using bulk harvest methods and operating in mixed species fisheries. The transition will be more challenging for smaller fishers. Since the introduction of the QMS, there has been a major rationalisation of the fishing sector.

In the first 20 years, about 3,000 fishers (including 1,000 permit holders) exited the industry. In the 2022 calendar year, 839 commercial vessels fished across all species. Some 50 of these were deep water vessels, with the remaining being inshore vessels. The long run trend of reducing numbers of inshore vessels will likely continue.

Small scale fishers who are not quota owners and operate by accessing annual catch entitlement (ACE) from quota holders make up around 80 percent of the inshore fleet. These fishers face additional challenges to transitioning to the new rules and requirements. A number of smaller inshore operators find it difficult to invest in upgrading vessels, so the inshore fleet is comprised of a significant number of older vessels. Meeting these challenges can be daunting, underlining the importance of initiatives like FirstMate New Zealand that offer fishers wellbeing support.⁸

Technology and innovation will play an important role for successful transition. Innovation has already made impacts on fishing practice, both at a large scale and with smaller practical changes that reduce the impact of fishing on the environment and improve the value of catch.

Ensuring industry and Government take the right action at the right time is crucial to the successful long-term transition for fishers and the industry. A plan for the industry's future was developed under the Industry Transformation Plan programme by a leadership group that brought together a diverse range of perspectives, including industry, Māori, environmental, workers and government. The plan was released in August 2023 with actions focused on improving environmental performance, productivity and profitability and on supporting people and communities.

⁸ FirstMate operates at a regional level, through a number of locally-based advisers that connect those seeking advice and support to the appropriate services. Alongside business advice, counselling and a range of other services, the network also provides links and opportunities for training, mentorship, and help with access to innovation funding.

Significant potential for sustainable growth in aquaculture

Globally, aquaculture production has been increasing for many years and has now overtaken the relatively stable overall amount of fish caught from wild-catch fisheries. Aquaculture can produce high value, low emission products, while using relatively small areas of the ocean. In New Zealand, there is significant further potential for ongoing sustainable aquaculture growth. Key opportunities for growth which we are providing support for include:

- **Maximising the value of existing aquaculture space** through enabling the development of consented but undeveloped water space, and through research and innovation to increase productivity and aquaculture product value from existing farms.

- **Expanding aquaculture into the open ocean.** Open ocean farming presents an opportunity to increase aquaculture production through farming in cooler, deeper waters, that position farms away from areas of high competing use. Technological shifts underpin this opportunity. Open ocean aquaculture could contribute at least half of the \$3 billion revenue target, and
- **Developing new forms of aquaculture** such as marine farming of new species like kingfish and seaweeds, and land-based farming.

Aquaculture is mostly regulated under the Resource Management Act, so improvements to the resource management system are a key opportunity to improve the regulatory framework for aquaculture to underpin sustainable aquaculture growth.

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Strategic priorities

Several significant work programmes to maximise the opportunities and mitigate the challenges facing the seafood sector are underway.

The current work programme includes:

Commercial fisheries system enhancements

- **Changes to commercial fishing rules relating to the landing and discarding of fish:** As a result of amendments to the Fisheries Act in 2022, all QMS fish commercially caught must be landed, unless the Minister provides an exemption. Exemptions can be provided only if the fish stock or species meets new more limited requirements. There is a significant implementation process underway over a legislated four-year transition period ending in 2026. This includes reviewing over 20 species which could be previously returned to the sea, to support Ministerial decisions on future exemptions.
- **Delivering the roll out of on-board cameras across New Zealand's inshore fishing fleet:** As outlined above, on-board cameras are being rolled out on up to 300 vessels across the inshore fishing fleet by February 2025. We will brief you further on the progress of the rollout 9(2)(g)(i)
- **A plan for the future of the commercial fishing industry:** A plan for the future of the industry was developed under the Industry Transformation Plan programme by a leadership group of industry, iwi and stakeholder representatives, supported by FNZ, and provides a foundation for MPI to work with the sector to improve sustainability, productivity, and inclusivity.

The plan's actions, for which we will seek your direction, include a focus on innovation in fishing gear and methods, greater use of data, and improving profitability and productivity through investment and creating greater value from the fish caught including by creating new high value products. The plan also includes actions to support the workforce and domestic consumption of fish.

- **Enabling innovation and more responsive decision making:** We are considering options for updating commercial fishing regulations to better enable innovative fishing gear and methods, to support catch selectivity and higher value fishing. We are also scoping possible approaches for more responsive and streamlined regulatory decision-making processes, including to take advantage of new and emerging forms of fisheries data and information. More responsive processes could better support utilisation and sustainability, and could be important in responding to changes in the environment including from climate change.

- **Implementing key components of Revitalising the Hauraki Gulf strategy:** In response to the Sea Change Plan, a strategy was developed with a range of conservation and fisheries management measures.

One of the key actions under Revitalising the Gulf strategy was the development of a fisheries plan for the Hauraki Gulf. This was released in August 2023 and is New Zealand's first area-based fisheries plan, tailored to the needs and challenges of the Gulf and its communities. A key action within it is the restriction of bottom trawl and Danish seine fishing to defined areas ("trawl corridors") in the Hauraki Gulf, to better manage the adverse effects of this fishing gear. Consultation on options for trawl corridors has been underway and we will seek your direction.

In addition, the Hauraki Gulf / Tīkapa Moana Marine Protection Bill has been introduced into the House which would establish new marine protected areas in the region.

- **Managing the effects of bottom trawling:** In April 2022, Fisheries New Zealand and the Department of Conservation established a multi-stakeholder forum on managing the effects of bottom trawling in the Exclusive economic zone (EEZ). The forum did not reach agreement on the range of options. Officials have been considering options based on the range of recommendations from forum members and will seek your direction on this work.

- **South East Marine Protected Area network:** Following consultation, the previous Minister of Conservation decided to establish six marine reserves in the south-east of the South Island, with the concurrence of the Minister for Oceans and Fisheries. Implementing this decision would require an Order-in-Council. We will seek your direction on a further six measures proposed under the Fisheries Act as part of the network.

Accelerating Sustainable Aquaculture Development

The Aquaculture Strategy, released in 2019, sets objectives and actions towards New Zealand becoming world-leading in sustainable and innovative aquaculture. It also established an objective of growing sector revenue five-fold, to \$3 billion, by 2035. We will seek your direction on several work areas which are currently underway to support aquaculture development:

- **Improving the management framework for aquaculture.** We have been working with MfE and DOC to provide greater regulatory and investment certainty for aquaculture, while ensuring sustainability. Work is also progressing on identifying national and regional intervention opportunities to improve the management of aquaculture in New Zealand. This includes considering the reform of the Resource Management Act, which is a primary intervention mechanism. The Natural and Built Environments Act 2023 includes a number of aquaculture provisions developed by MPI.
- **Progressing initial opportunities for open ocean aquaculture.** The first resource consents for open ocean farming of salmon were recently approved in Marlborough under the Resource Management Act. Another application off Stewart Island was declined under the COVID-19 Recovery (Fast-track Consenting) Act 2020 and is currently subject to appeal which the Crown has joined. MPI is also analysing these decisions to extract insights and ensure the management system is fit for purpose to support sustainable aquaculture development.
- **Supporting infrastructure and innovation projects.** Significant investments have been made under the Provincial Growth Fund and other innovation funds such as Sustainable Food and Fibre Futures. Important projects underway with government investment include completion of the Ōpōtiki harbour entrance, the development of additional mussel hatchery capacity to accelerate productivity gains, the development and trial of a commercial scale land-based salmon farm, and research to underpin the development of open ocean salmon farms.
- **Improving the delivery of the Aquaculture Settlement.** We are in a critical period in delivery of the aquaculture settlement, with a range of significant and inter-related processes underway. In particular:
 - progression of settlement negotiations for regional agreements in three regions, Waikato-west, the Bay of Plenty and Otago,
 - progressing a statutory review of aquaculture settlement delivery to ensure processes and inputs for settlement delivery are fit for purpose and that settlements reached to date have met obligations, and
 - completion of settlement reconciliations in regions where settlement assets have already been delivered.⁹

⁹ New space settlement assets have been delivered under regional agreements in 6 regions: Auckland, Waikato-East, Marlborough, Tasman, Canterbury, and Southland. In addition, settlement assets have been transferred in Northland and Wellington under default provisions as regional agreements could not be reached.

Upcoming decisions

The following matters will require Ministerial consideration in the next three months. In addition, there are a number of work programmes underway that MPI officials will seek your direction on in due course.

Decision required on	When
<p>You will be asked to set out your legislative priorities for this portfolio for the year ahead. This includes whether or not to reinstate the following Bills that were still being considered by the House when Parliament was dissolved.</p> <ul style="list-style-type: none"> - The Fisheries (International Fishing and Other Matters) Amendment Bill - The Māori Fisheries Amendment Bill 	<p>Late 2023 following Parliament's reinstatement</p>
<p>Fisheries management</p> <p>We will seek your agreement to commence consultation on changes to catch limits for certain April-year fish stocks.</p>	<p>December 2023</p>
<p>We will seek your direction on management measures to manage sealion mortalities in the squid trawl fishery.</p>	<p>December 2023</p>
<p>International fisheries</p> <p>We will seek your direction on priorities for South Pacific Regional Fisheries Management Organisation meetings in February.</p>	<p>December 2023</p>
<p>We will seek your direction on the Government's response to the Foreign Affairs, Defence and Trade Committee's Inquiry into illegal, unregulated, and unreported fishing. This is due 47 days after the start of Parliament.</p>	<p>Late 2023</p>
<p>We will seek a decision on an application by tangata whenua for a temporary fisheries closure and fishing method restriction over Tutukaka Harbour and surrounding areas.</p>	<p>Late 2023</p>

Appendix 1: Fish stock information (for 2022)

We assess and manage fish stocks in accordance with four main performance measures:

A target level: the level we want a fish stock to fluctuate around.

A soft limit: below this level, a fish stock is considered to be overfished or depleted and needs to be actively rebuilt, for example by reducing the total allowable catch.

A hard limit: below this level, a fish stock is considered to have collapsed and fisheries may need to be closed to rebuild at the fastest possible rate.

Overfishing threshold: a rate of stock removal that shouldn't be exceeded as it will lead to stocks falling below other performance measures.

The fisheries management system covers 98 species (or species groups) across New Zealand's fisheries waters, which are divided into 642 fish stocks. A summary of stock categories is given below.

For scientifically evaluated stocks, 96 percent of catch is from stocks above the soft limit with no indications of sustainability risks. Of stocks above the soft limit, 79 percent were also above the management target.

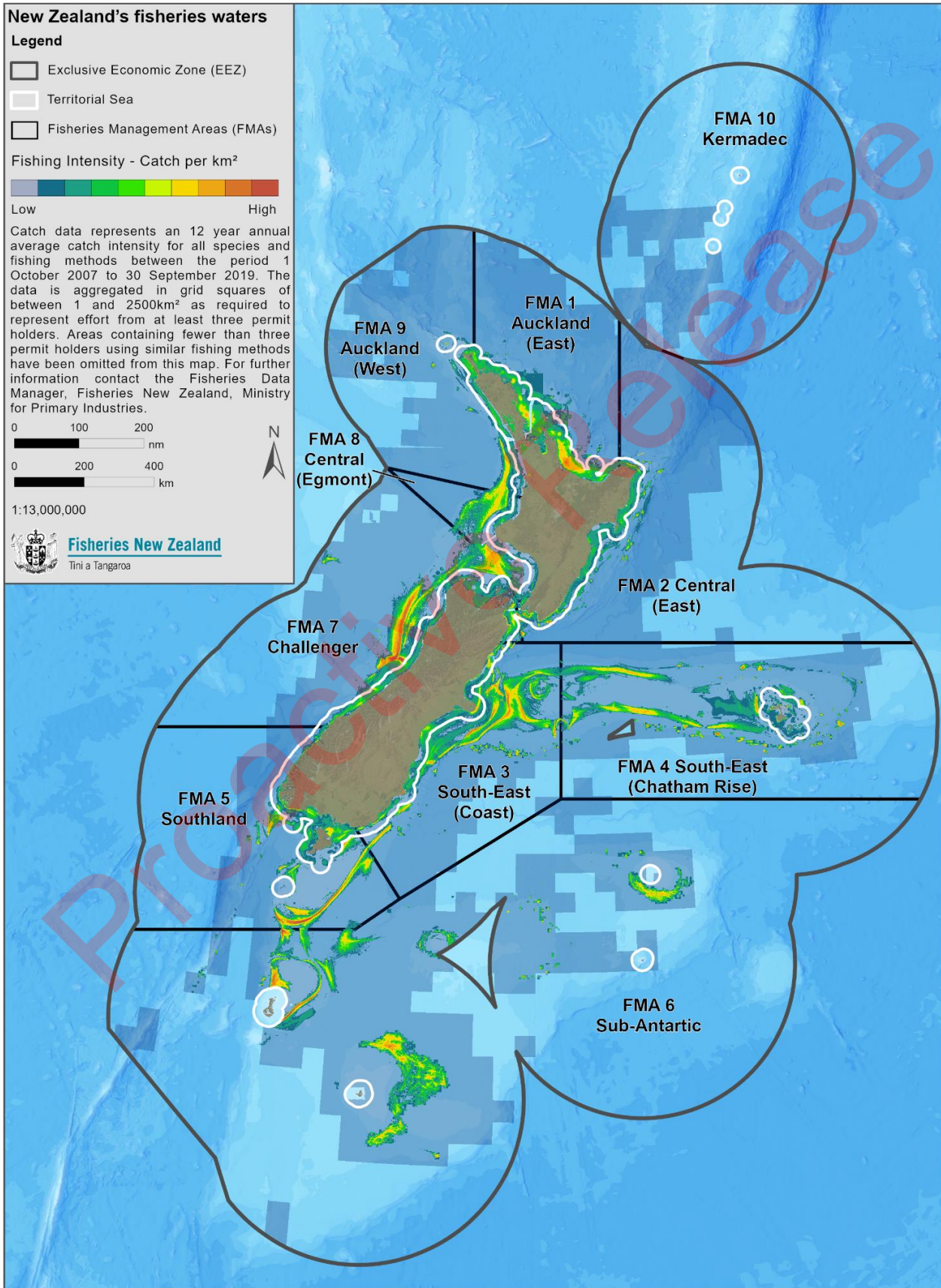
Classification of fish stocks	Number of stocks	Tonnage (% total landings)	% of value
Stocks of known status			
	151	208,902 t (65%)	81%
Fish stocks whose status can be assessed against the soft limit			
Low information stocks			
Fish stocks whose status is not able to be assessed relative to the soft limit. We are working to improve information for these stocks	254	113,991 t (35%)	19%
No information (nominal) stocks			
An anomaly of the QMS whereby quota is allocated to QMAs where individual fish species are either non-existent, at the periphery of their range, or have not demonstrated significant commercial or non-commercial potential.	290	185 t (.006%)	0.04%
Total	695¹	323,078 t (100%)	100%
Stocks of known status	Number of stocks	% landed catch	% of value
No sustainability concerns			
	131	96%	95%
Fish stocks are above the soft limit			
Sustainability concerns			
Fish stocks are below the soft limit	20	4%	5%
Note: For stocks with sustainability concerns, management action has or is being put in place to facilitate stock recovery.			

¹ The total number of fish stocks in the QMS is 642. The number in the table above (695) is larger because several stocks are divided into sub-QMA stocks or fished outside the QMS (such as toothfish in the Ross Sea and some high seas tuna stocks).

Appendix 2: Management of the environmental effects of fishing

Interaction and status	Current work
<p>Seabirds</p> <p>New Zealand is a globally significant area for seabirds, with about 145 species making use of our waters. Fishing is one of a range of threats to seabirds, although it is often the highest profile.</p>	<p>The National Plan of Action – Seabirds was released in 2020. Its vision is that New Zealanders work towards zero fishing-related seabird mortalities. It provides goals and objectives and is supported by an implementation plan to reduce fishing-related seabird deaths, as well as putting in place tools to measure and report on progress annually. A key component is creating protected species risk management plans for all fishing vessels that are at risk of accidentally catching seabirds. These plans will be audited, and regularly monitored, against government standards.</p>
<p>Rāpoka/Sea lions</p> <p>New Zealand sea lions are sometimes caught by fishing operations, particularly in the squid and scampi fisheries around the Auckland Islands, and the southern blue whiting fishery around Campbell Island.</p> <p>The estimated population is around 12,000 individuals and is classified as nationally vulnerable.</p>	<p>The New Zealand sea lion/rāpoka Threat Management Plan (2017-2022) aims to halt the decline of the sea lion population within five years and ensure the population is stable or increasing within 20 years. The goal is to achieve Not Threatened status. The plan sets a holistic work programme to address threats. For fisheries, it is implemented through Operational Plans in at-risk fisheries, with commitments for high monitoring coverage and for vessels to deploy mitigation devices in key fisheries. There is a regulated fishing-related mortality limit for the squid fishery and the fishery is closed if 52 sea lions are caught. Five sea lion captures were reported across all fisheries last year.</p>
<p>Hoiho/yellow-eyed penguin</p> <p>There are two distinct populations. The northern population breed on mainland South Island, Stewart Island/Rakiura outliers, and have declined in abundance over the last five years. The southern population breed on the sub-Antarctic Auckland Islands/ Motu Maha and Campbell Island/Motu Ihupuku. Their status is largely unknown.</p>	<p>Te Kaweka Takohaka mō te Hoiho/The Strategy for Hoiho and Te Mahere Rima Tau / Five-Year Action Plan was released in August 2020. Its vision is that Hoiho should be able to go to sea to feed on abundant and good quality kai, and return safely to the whenua to breed, feed their young and socialise without human-induced threats. It includes a range of objectives and actions to better understand and minimise threats, including from fishing. Relatively few Hoiho have been reported killed by fishing in recent years, however, the actual number killed is uncertain as not all of the fleet carries observers.</p>
<p>Hector’s and Māui dolphins</p> <p>Māui dolphins are classified as critically endangered, with about 54 individuals over one year old. Hector’s dolphins are classified as nationally endangered, with an estimated population of 15,000.</p>	<p>The Hector’s and Māui dolphins Threat Management Plan was approved in 2020. A range of measures came into force on 1 October 2020 to manage the risk of fishing to Hector’s and Māui dolphins, including additional trawl and set net restrictions, which built on extensive existing controls. Further measures to manage the risks of fishing to Hector’s dolphins in the South Island were put in place in 2022, including one additional set net restriction around Banks Peninsula and a Bycatch Reduction Plan that includes, for certain areas, regulated fishing-related mortality limits.</p>
<p>Mangō/Sharks</p> <p>Approximately 113 species of shark live in New Zealand’s waters, and more than 70 species have been reported as caught in commercial fisheries.</p>	<p>The National Plan of Action for Sharks was recently reviewed. The previous iteration, agreed in 2013, set out goals and five-year objectives for the management of sharks in New Zealand and led to the implementation of a shark finning ban. The shark species that make up 90 percent of fisheries catch are managed through the QMS. Research and monitoring are in place to ensure other species are maintained.</p>
<p>Habitat of particular significance for fisheries management</p> <p>Fisheries management decisions must take into account that habitat of particular significance for fisheries management should be protected.</p>	<p>Guidance for the identification and management of habitat of significance for fisheries management (HoPS) was consulted on in 2022. Types of habitats proposed for consideration as HoPS include nursery and spawning habitats, due to their particular significance in supporting the productivity of fisheries resources. Updated guidelines are being developed for publication</p>
<p>Benthic (seafloor) environment</p> <p>Certain fishing methods such as trawling and dredging can disturb the benthic environment. This can impact associated habitat and biodiversity.</p>	<p>The effects of bottom contact fishing are managed primarily through area-based fishing gear restrictions. Trawling is prohibited in around 21 percent of the Territorial Sea. Offshore in the EEZ, around 30 percent of New Zealand’s EEZ is closed to trawling. Closures were implemented specifically to protect the seafloor (e.g. through Seamount Closures and Benthic Protected Areas) or for other reasons (Cable protection zones or mammal sanctuaries). Building on recent science, including annual monitoring of the trawl footprint, work is underway to progress further restrictions to trawling in the Hauraki Gulf and to identify options for the EEZ.</p>

Appendix 3: Map of New Zealand's fisheries waters



Disclaimer: This map and all information accompanying it (the "Map") is intended to be used as a guide only, in conjunction with other data sources and methods, and should only be used for the purpose for which it was developed. The information shown in this Map is based on a summary of data obtained from various sources. While all reasonable measures have been taken to ensure the accuracy of the Map, MPI: (a) gives no warranty or representation in relation to the accuracy, completeness, reliability or fitness for purpose of the Map; and (b) accepts no liability whatsoever in relation to any loss, damage or other costs relating to any person's use of the Map, including but not limited to any compilations, derivative works or modifications of the Map. Crown copyright ©. This map is subject to Crown copyright administered by Ministry for Primary Industries (MPI). r200227