

Consultation on Proposed Fisheries Levies 2020/21

We are seeking your feedback on the proposed 2020/21 Fisheries Levies. Your feedback is important for ensuring the Minister of Fisheries understands your views when setting the levy rates.

The consultation period on the proposed levies will run for four weeks from **2 June 2020**, concluding on **30 June 2020**.

Following the consultation period, MPI will recommend final levy rates to the Minister. Levy Orders will be publically notified in the New Zealand Gazette by 1 September 2020.

We note the consultation period for the proposed Conservation Services Plan has just closed. Changes that DOC may recommend following this consultation will be reflected in the final levy rates.

Submissions on the proposed levies should be directed to MPI's Cost Recovery Directorate no later than 5pm on **30 June 2020**. Please email your submission to costrecovery@mpi.govt.nz.

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Included Excel Workbook:

- Summary tables
- Research plan (financial year 2020/21 only)
- Observer sea day plan
- MPI breakdown of costs by stock or sector (filterable)
- DOC breakdown of costs by stock or sector (filterable)
- Levies by fish stock
- Port price change year on year
- Under and over recovery

1. Overview

The Fisheries and Conservation Services levies are set annually and have varied between \$33.9 million and \$35.4 million per annum for the past 3 years.

In response to COVID-19, Fisheries New Zealand has reviewed the services it provides, including those cost recovered through the annual levies. This review has taken into account the financial pressure on the fishing industry, the relief initiatives the Government has put in place to support businesses, the need to maintain robust fisheries management and the need to continue protecting the sustainability of fisheries.

Fisheries New Zealand has sought to reduce costs, or hold them at the 2019/20 level. As a result:

- the observer services sea day plan includes only essential coverage required to meet scientific and management objectives; and
- the fisheries research plan focuses on essential projects to support management objectives. Some projects will be delayed until future years; and
- a target to deliver a further \$0.7 million of savings from across the business. For the purpose of allocation across stocks this reduction has been applied through monitoring and detection costs.

The total proposed cost of services to industry, before accounting for 'overs and unders' from the 2018/19 year, is \$33.4m. This is a decrease of \$2.0 on the current year.

Adjusting for \$0.2m under-recovery in 2018/19 the net levies payable by quota owners is \$33.6m. Over the past few years Fisheries NZ has increased focus on ensuring plans are both realistically costed and deliverable in the levied period. This has led to smaller adjustments for 'overs and unders' from previous years.

Table 1: Summary of levies

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
MPI levies	32.0	33.2	31.1	(2.1)
DoC levies	2.0	2.2	2.3	0.1
Total levies for year	34.0	35.4	33.4	(2.0)
Unders & overs adjustment	(5.5)	(1.0)	0.2	1.2
Net levies payable	28.5	34.4	33.6	(0.8)

The two elements of the levy with significant year on year changes are fisheries research (down \$2.7m) and observer services (up \$1.2m). Further details are provided in later sections.

Table 2: Levy breakdown by activity

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Fisheries research	11.8	12.9	10.2	(2.7)

Monitoring & offence detection	13.3	13.5	12.8	(0.7)
Observers	3.2	3.1	4.3	1.2
Registry services	3.7	3.7	3.7	-
Total MPI levies	32.0	33.2	31.1	(2.2)
DoC Research	1.0	1.0	0.9	(0.1)
DoC Observers	1.0	1.2	1.4	0.2
Total DoC levies	2.0	2.2	2.3	0.1
Total levies for year	34.0	35.4	33.4	(2.0)

Almost half of the proposed levies are allocated to deepwater stock quota holders. Inshore finfish attract the second highest portion.

Graph 1: Net levy by fisheries sector

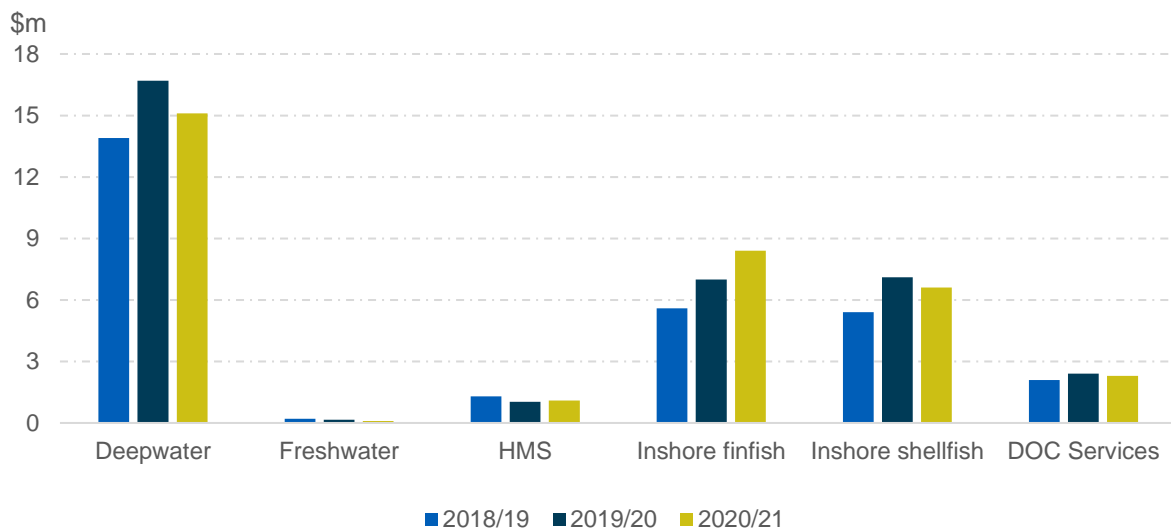


Table 3: Net levy breakdown by fisheries sector (\$m)

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater	13.9	16.7	15.1	(1.6)
Freshwater	0.2	0.2	0.1	(0.1)
HMS	1.3	1.0	1.1	0.1
Inshore finfish	5.6	7.0	8.4	1.4
Inshore shellfish	5.4	7.1	6.6	(0.5)
Conservation services	2.1	2.4	2.3	(0.1)
Net levies payable	28.5	34.4	33.6	(0.8)

Detail by Service Category

2. Research

Fisheries New Zealand develops the fisheries research plan in consultation with scientists, tangata whenua, and stakeholders. The initial fisheries research plan for 2020/21 was developed following engagement with stakeholders and included 88 projects, with a total recoverable cost of \$12.7 million.

Following COVID-19, the research plan was revised to focus on essential projects to support management objectives, particularly for cost recovered research. The 2020/21 plan was reduced to 67 projects, representing a total levy for fisheries research of \$10.2 million, which is a decrease of \$2.7 million from 2019/20 levies.

The proposed level of total research is \$1.1m (5%) lower than for 2019/20. The projects in the plan are either highest priority funding, or required funding only.

Table 4: Fisheries research (\$m)

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Crown-funded research	10.5	9.6	11.2	1.6
Levied research	11.8	12.9	10.2	(2.7)
Total research	22.3	22.5	21.4	(1.1)

The last two years have seen over 50% of research projects being cost-recovered from industry. This year 48% will be cost recovered. Table 5 below shows the distribution of costs being recovered by fishery sector.

Table 5: Fisheries research by sector (\$m)

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater	5.9	7.2	4.6	(2.6)
Freshwater	-	0.1	-	(0.1)
HMS	0.3	0.2	0.2	-
Inshore finfish	3.5	3.4	2.8	(0.6)
Inshore shellfish	0.9	1.2	1.4	0.2
Aquatic environment	1.2	0.8	1.2	0.4
Total research	11.8	12.9	10.2	(2.7)

Details of the Fisheries Research project plan for 2020/21 are available at www.mpi.govt.nz/... The costs associated with each project included in the 2020/21 proposed levies are included in a separate tab in the accompanying excel spreadsheet.

3. Monitoring and Offence Detection

Commercial monitoring and offence detection has increased since the implementation of electronic reporting/global positioning reporting (ER/GPR) due to the availability and flow of data. Monitoring of commercial activity is now real time and activity has increased.

The team is also spending considerable effort providing advice to fishers to support the implementation of ER/GPR and expect this to continue throughout 2020/21.

Table 6: Distribution of costs for monitoring and offence detection (\$m)

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Fisheries officers	9.9	9.6	9.6	-
Liaison and co-ordination	1.3	2.2	2.2	-
Investigations	0.4	0.3	0.3	-
Communications	-	0.2	0.2	-
International & Pacific	-	0.1	0.1	-
Compliance support	0.3	0.3	0.3	-
Management	0.6	0.5	0.5	-
Enhancing fisheries	0.8	0.3	0.3	-
Savings target	-	-	(0.7)	(0.7)
Total monitoring & offence det.	13.3	13.5	12.8	(0.7)

Table 7: Monitoring and offence detection costs by fishery sector (\$m)

Sector	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater	6.0	5.7	5.3	(0.4)
Freshwater	0.1	0.1	0.1	-
HMS	0.5	0.5	0.5	-
Inshore	2.8	2.8	2.8	-
Shellfish	4.0	4.4	4.0	(0.4)
Total	13.3	13.5	12.8	(0.8)

The bulk of cost in this area relates to the team of frontline fisheries officers. A breakdown of their effort over 2019 is shown below in Table 8.

Table 8: Cost-Recoverable Commercial Monitoring and Offence Detection Activities

	Average hours	2019 volume	Total hours
Inshore - at port	8	961	7,688
Deepwater - at port	16	105	1,680
At sea	24	83	1,992
Aerial surveillance	10	200	2,000
LFR inspections	16	200	3,200
DIF inspections	3	825	2,475
Discrepancy analysis	8	189	1,512
Patrolling - land and sea	16	550	8,800
Late returns	4	482	1,928

0800 Poacher calls	4	105	420
FishServe referrals	4	311	1,244
LFR applications	16	11	176
Annual Client Updates	2	-	-
Monitoring uploads	12		-
S111G/S111P approvals	1	1,165	1,165
Casefile management (pre-charge)	100	657	65,700
Commercial advice	2	1,027	2,054
Risk analysis/profiling operators	200	15	3,000
Observer debrief (compliance)	6		-
LFR report process	6		-
Commercial monitoring	8		-
Total commercial fisheries hours			105,034
FTE required			80

4. Observer Services

The observer services 2020/21 sea day plan is available on MPI's website [\(here\)](#).

The costs used in calculating the daily rates for observer services in 2020/21 include an additional \$140 per day as a result of the recent Public Service Association (PSA) agreement, increasing the total observer services levied by \$1.2 million.

In light of COVID-19, the initial observer plan was reduced by 10%. This reduction increases the risk of not having sufficient information to meet management objectives, but will ensure retention of observer skills and minimise additional training requirements in future years.

Table 8: Observer services costs by fishery sector (MPI) (\$m)

Categorisation	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater	2.4	2.0	3.3	1.3
HMS	0.4	0.3	0.3	-
Inshore	0.3	0.7	0.7	-
Total	3.2	3.1	4.3	1.3

Table 9: Days Observer days by fishery sector

Fishery Sector	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater total	6,486	7,070	6,540	(530)
MPI	5,429	5,919	5,581	
DOC	1,057	1,151	959	
HMS total	820	595	532	(63)
MPI	697	516	467	
DOC	123	79	65	
Inshore total (levied)	635	1,464	1,290	(174)
MPI	318	732	645	
DOC	317	732	645	
Compliance days	100	100	100	-

Total Levied days	8,040	9,229	8,462	(767)
Non-levied inshore	636	366	1,290	
Direct charge	1,420	1,333	837	
Crown-funded (set net WCNI)	150	178	-	
Planned Observer Days	10,246	11,106	10,589	(161)

Inshore

The 2020/21 observer plan includes 2,580 sea days for inshore fisheries, an increase of around 570 days over the 2019/20 plan. The increase is driven primarily by requirements to monitor interactions with Maui and Hector's dolphins, Hoiho, and tarakihi catch verification.

There is some uncertainty in the number of sea days that will be required for inshore, including the potential requirements of the Maui and Hector's Threat Management Plan and progress of the industry-led camera initiative for tarakihi catch verification. There is also uncertainty about the impact of COVID-19 on the ability to fully deliver the planned sea days for inshore fisheries.

In light of this uncertainty, we propose the levy include 50% of the planned inshore observer sea days for 2020/21 (shown in Table 10). The costs for any additional sea days delivered would be recovered in the 2022/23 levies through the unders and overs process.

Table 10: Consulted Observer sea days – inshore

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Trawl WCNI - Traditional trawl	560	650		
Set net WCNI	-	178*	230	(598)
WCNI Bottom longline				
SNA 1 trawl	150	210	338	128
Set net SCSi	120	175	181	6
Set net ECSi – Otago & Kaikoura	200	125	417	292
TAR2 trawl	-	-	154	154
BLL - SNA 1	130	385	375	(10)
BLL/SN - BNS/HPB 1	110	35	124	89
Trawl – SCSi	-	-	128	128
Trawl – ECSi	-	250	633	383
Total Inshore consulted	1,272	2,008	2,580	572
<i>% of plan levied</i>	<i>50%</i>	<i>80%</i>	<i>50%</i>	
Levied days	636	1,464	1,290	(174)
Levied days MPI	318	732	645	(87)
Levied days DOC	318	732	645	(87)

*WCNI set net observer days were Crown-funded in 2019/20 and therefore the costs of those were not recovered.

Deepwater

For deepwater fisheries, the 2020/21 observer plan includes 6,540 observer days, which is similar to 2019/20. Coverage in deepwater fisheries is primarily focused on the collection of biological information to support stock assessment and monitoring interactions with protected species (for example New Zealand sea lions and seabirds). The deepwater observer plan for 2020/21 assumes that the current requirement for foreign owned vessels to carry at least one observer at all times will be removed, but allows for a high level of coverage to continue on these vessels.

Table 11: Observer sea days – deepwater/middle depth

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Southern blue whiting	430	400	450	50
Squid	1,300	1,250	1,600	350
North Island Deepwater	100	100	75	(25)
Chatham Rise Deepwater	220	300	250	(50)
Sub-Antarctic Deepwater	60	120	75	(45)
West Coast Deepwater	60	100	60	(4)
West Coast North Island	650	250	300	50
West Coast South Island	1,000	650	575	(75)
Chatham Rise Middle Depth	850	650	825	175
Sub-Antarctic Middle Depth	800	500	655	155
Hoki Cook Strait	120	150	100	(50)
WCSI Hoki-Inside the line	80	150	100	(50)
Scampi	400	450	375	(75)
Ling BLL (all vessel sizes)	400	400	300	(100)
Training	-	-	800	800
Total Deepwater/Middle Depth	6,470	5,470	6,540	1,070
Levied days MPI	5,416	4,576	5,581	1,005
Levied days DOC	1,054	894	959	65

Note: in 2018/19 training days were included across the deepwater/middle depth categories. In 2019/20 1,600 planned training days were accidentally omitted from the levy model.

Highly Migratory Species (HMS)

For HMS fisheries, the 2020/21 observer plan includes 532 observer days, which is a reduction on 2019/20 levels. Coverage in HMS fisheries is largely driven by a need to meet international obligations relating to southern bluefin tuna and monitoring interactions with protected species (particularly seabirds). The HMS observer plan for 2020/21 assumes a lower level of effort in the fleet based on the impacts of COVID-19 on primary tuna export markets. Fisheries New Zealand also proposes that the practice of alternating coverage between albacore and skipjack be continued with the latter being the focus of the coverage for the upcoming year.

Table 12: Observer sea days – highly migratory species

	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Domestic tuna longline – EC STN	164	160	155	(5)
Domestic tuna longline – WC STN	128	160	140	(20)
Domestic SLL - east coast BIG/SWO	266	150	115	(35)
Domestic SLL - west coast BIG/SWO	107	55	20	(35)
Purse seine - SKJ (not super seiner)	140	-	72	72
Purse seine - SKJ (super seiner)	30	-	30	30
ALB Troll	-	70	-	(70)
Total HMS	835	595	532	(63)
Levied days MPI	710	516	467	
Levied days DOC	125	79	65	

5. Registry Services

Costs for registry services are predominantly for the FishServe contract and administration costs associated with the management of the contract.

Table 13: Registry services costs by fishery manager (\$m)

Fishery Manager	2018/19 Levied	2019/20 Levied	2020/21 Proposed	2020/21 Change
Deepwater	1.6	1.6	1.5	(0.1)
Freshwater	0.0	0.0	0.0	-
HMS	0.1	0.1	0.2	0.1
Inshore	0.7	0.8	0.8	-
Shellfish	1.1	1.2	1.1	(0.1)
Total	3.6	3.7	3.6	(0.1)

6. Conservation Services

The Conservation Services Programme (CSP) is delivered by the Department of Conservation who are consulting separately on the scope of these services. The consultation period for the proposed CSP is underway and closes on 8th June 2020. Changes that DOC may recommend following this consultation will be reflected in the final levy rates. The link to DOC's CSP is available here:

<https://www.doc.govt.nz/get-involved/have-your-say/all-consultations/2020-consultations/draft-conservation-services-programme-annual-plan-202021/>.

7. Unders and Overs

The total applied to 2020/21 levies is an over recovery of \$0.2 million. This covers activities in the last complete financial year, being the year to June 2019.

Table 14: Application of unders and overs from 2018/19 (\$m)

Activity	Under/(Over) recovery
Fisheries research	(0.3)
Monitoring & offence detection	-
Observers	0.7
Registry services	0.1
Revenue	0.2
Total MPI	0.7
Conservation services	0.1
Under/over recovery for year	0.8
Carry forward applied	(0.6)
Impact on 2020/21 levies	0.2

8. Port price index

Each year MPI surveys all licenced fish receivers (LFR), to calculate the port price index. This index provides relative values of annual fish stock quota, which is used to apportion costs across fish stocks. Individual prices by LFR are confidential. This consultation package includes a summary of the port price index.