

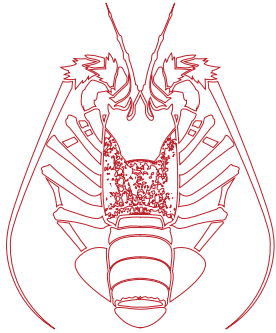
2015/16

BUSINESS PLAN & CRA COMMODITY LEVY

NOTICE TO CRA QUOTA SHARE OWNERS

NZ ROCK LOBSTER INDUSTRY COUNCIL

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New Zealand Rock Lobster Industry Council Ltd

Organisation

The NZ Rock Lobster Industry Council Ltd was established in September 1996 as a national coordinating agency for the network of nine regional rock lobster industry groups (CRAMACs) and registered as a limited liability company in March 1997. CRAMACs are shareholders in the company and directors are appointed by each. An independent chairman is also appointed.

CRAMAC membership comprises the full range of rock lobster industry participants. CRAMACs are constituted as incorporated societies, or as in the case of CRA 2, a quota share owner company, whose members are involved in the harvesting, processing, wholesaling, retailing and exporting of rock lobsters in New Zealand. The rules of association provide for a two-tiered voting structure in which quota share owners are given the deciding vote in all CRAMAC decisions related to TAC/TACC adjustments, sub-division or amalgamation of QMAs, and/or voluntary levies, levies for Fisheries Services, or those established under the Commodity Levies Act.

Our Role

The New Zealand Rock Lobster Industry Council Ltd (NZ RLIC) operates as the central service agency for the commercial lobster fishing industry. It is in our capacity to liaise with government, media, environmental groups and other marine stakeholders on behalf of our constituents and in their best interests.

Funding

The NZ RLIC has primary responsibility for the Rock Lobster Commodity Levy implemented on 01 April 2013. The administrative operation of the Rock Lobster Commodity Levy (invoicing and debt collection) is contracted to Commercial Fisheries Services Ltd (FishServe).

On request from the CRAMACs financial administration of rock lobster Stock Specific Levy income is undertaken by the NZ RLIC under instruction from the respective CRAMAC executive committees.

The NZ RLIC also derives income from providing a range of contract management; financial management; and administrative services to a small number of select clients. Income earned in this manner offsets the amount required to be collected by way of the Rock Lobster Commodity Levy.

Our Mission

The rock lobster industry has consistently supported and advocated for the New Zealand fisheries management regime (Quota Management System - QMS), one which has a rights-based framework (although so far incomplete) which allows resolution of competing interests, including changing societal values in relation to the marine environment and to non-commercial fisheries, to be resolved by way of market-based outcomes.

Working within the QMS framework the NZ RLIC will continue building and informing a united and sustainable industry operating to acceptable levels of environmental performance to contribute to regional and national economies and therefore valued and respected by Government and by the wider New Zealand community.

Our Vision

A united, thriving and ecologically sustainable rock lobster industry valued and respected by Government and by the wider New Zealand community.

The NZ RLIC also has a separate income stream from the operation of a multi-year rock lobster stock monitoring and stock assessment contract to the Ministry for Primary Industries.

New Zealand Rock Lobster Industry Council - Principal Objectives

1. To provide for the governance, leadership, advocacy and policy making activities in all New Zealand rock lobster fisheries operational frameworks.
2. To be a vigorous advocate for issues of concern to the rock lobster industry and to demonstrate leadership in carrying out its work.
3. To demonstrate sound and considered governance.
4. To develop good policies in order to guide its work in a consistent manner.
5. To assist in coordinating the many different actions of central and regional government, service providers and businesses to make the NZ RLIC vision a reality.
6. To have strategies and planning which will be keys to success, as will new and innovative ways of doing things.
7. To encourage and facilitate industry consultation and opportunities for effective engagement in NZ RLIC decision making process.
8. To keep people informed and hold a secure database of credible information.
9. To work with others (industry organisations included) in partnerships to achieve best results for rock lobster fisheries and for the New Zealand rock lobster industry.

2015/16 Business Plan

Rock Lobster Fisheries Research

Priorities

The NZ RLIC must anticipate the operational policy and political framework associated with inshore fisheries management in the short to medium term. The seemingly continuous review and restructure of the fisheries management unit within the Ministry for Primary Industries has yet to be consolidated but the situation at the commencement of the 2015/16 rock lobster fishing year is that the loss of institutional knowledge from within the Ministry remains a concern. Opportunities for the rock lobster industry to assert more extensive management aspirations are limited and it seems that a period of consolidation and careful monitoring of the wider political situation is required.

The NZ RLIC Board commenced a succession plan for NZ RLIC science and management personnel in 2013 and additional science personnel are now contracted to contribute to the principal research contract. From October 2015 the NZ RLIC Board will progress the next phase of the succession plan by reviewing the strategic needs of the rock lobster industry and re-confirming the roles and responsibilities that will rest with the central office and the nine CRAMACs. The NZ RLIC budget for 2015/16 anticipates the review and subsequent recruitment process to be completed from April 2016.

The NZ RLIC will maintain office and administrative facilities in Wellington and will continue to ensure the safety and comfort of personnel and better serve industry members.

The Principal Research Contract - Stock Monitoring and Stock Assessment

Since 1997 the NZ Rock Lobster Industry Council Ltd is the principal contractor to the Ministry for Primary Industries (MPI) for the provision of rock lobster fisheries stock monitoring and stock assessment research services.

The NZ RLIC has an extensive array of contractual relationships with skilled service providers in New Zealand and overseas which enable delivery of the research services provided under the principal contract. These relationships include with NIWA, Trophia Resources, StarrFish, Haist Consultancy, Lat37 Ltd, Breen Consultancy, QuantiFish and seven other sub-contractors doing field work.

The current stock monitoring work programme for the NZ RLIC and contracted providers comprises:

- A. Observer catch sampling in four management areas and vessel Logbook programmes in three management areas to collect length frequency and other biological data; and
- B. Tag release and recapture programmes to measure the growth of lobsters for use in length-based population models.

The stock assessment science team is principally engaged in:

- A. Updating the standardised CPUE analysis from all management areas and reporting on the operation of current Management Procedures and decision rules;
- B. Estimating biomass and sustainable yields for nominated rock lobster stocks; and
- C. Refining existing and evaluating new management procedures for rock lobster fisheries.

The assessment team members are also science advisors to the National Rock Lobster Management Group (NRLMG) which is the primary source of advice to the Minister on all matters relating to rock lobster fisheries research and management.

Oversight and management of the principle research contract is a fiscally neutral transaction for the NZ RLIC and work is not reliant upon Rock Lobster Commodity Levy income.

In 2014/15 the NZ RLIC commenced a small programme of direct-purchased research services in support of TAC/TACC setting. That programme will be progressively expanded where it can be demonstrated to be of better value than cost-recovered research contracted by MPI. The projects are generally small, clearly of generic benefit, and although run independently of MPI the methodology and outcomes are reported to the Fisheries Assessment Working Group process and submitted for independent peer review. One such project scheduled for 2015/16 is the re-design of the catch effort (CELR) reporting forms.

Confidence to Invest - Protecting a Productive Asset Base

The issues likely to be the focus of NZ RLIC attention in 2015/16 are primarily those which have absorbed significant resources in recent seasons – spatial access; compliance and enforcement; data collection and management and coordination and delivery of research services. Activities will be undertaken by the NZ RLIC head office and by CRAMACs and will be run independently or in partnerships or collaborations with other seafood industry sector groups.

The NZ RLIC Board is agreed that future collaborations will be pursued on a contract by contract basis where the outcomes can be demonstrated to be of direct or indirect benefit to the rock lobster fisheries and to our industry generally.

The current business relationship with Seafood New Zealand is secured by a service level agreement which expires in September 2015. The NZ RLIC Board is satisfied that SNZ has made best endeavours to discharge the activities covered by the agreement in a timely and professional manner.

The NZ RLIC Board has increasing confidence in SNZ being a ‘media hub’ for the fishing industry, utilizing the Seafood New Zealand magazine and the wide range of television and print media connections built up over time. A stand-alone media initiative by the NZ RLIC in 2014 was not successful and recent changes in SNZ Communications personnel and magazine management have now opened up opportunities for more regular features on the rock lobster industry and on research and management of lobster fisheries. The NZ RLIC Board intends to pursue those opportunities in 2014/15.

The 2014/15 NZ RLIC work plan and budget maintained a substantial contingency to invest in generic and ‘club goods’ projects negotiated and agreed at the discretion of the NZ RLIC Board. The NZ RLIC has consistently promoted an effective, including cost-effective, grouping of inshore fishing interests sharing an agreed vision for strategic growth and development. Several ‘joint venture’ projects were initiated in 2014/15 but the collaboration between NZ RLIC, the Paua Industry Council (PIC) and Fisheries Inshore New Zealand (FINZ) have to date been relatively modest ones in terms of direct and indirect costs to the NZ RLIC. However, the projects so far undertaken have greatly strengthened the foundation for future collaborations.

Protecting and Enhancing Access and Productivity

Since 1997 the NZ RLIC has made submissions and undertaken advocacy on behalf of the rock lobster industry in relation to such diverse topics as

- Ministry for Primary Industries (MPI) Fisheries Services and Cost Recovery processes;
- DoC/MPI Conservation Services Programmes
- MPI Research Services Review;
- Rock Lobster Research Planning and Stock Assessment;
- Animal Welfare Act and Animal Products Act;
- Aquaculture Reforms;
- Reviews of the Marine Reserves Act, Aquaculture legislation, and Recreational rights;
- The Government Marine Protected Areas Strategy;
- Marine Reserve, Taiapure, and mataitai proposals and applications; and
- A raft of ongoing legislative and regulatory issues including Observer Service proposals.

Explicit provision is again being made in the 2015/16 operational budget for the NZ RLIC to continue to commission high-level external policy and legal advice in support of the rock lobster industry.

Government has sent clear signals about the extent of new marine protected areas legislation and the establishment of recreational fishing reserves. The NZ RLIC Board anticipates a significant amount of work to come from the announcement of legislative amendments to give effect to Government policy.

An active recreational fishing lobby continues to cause problems for the inshore fishing industry generally but for the rock lobster industry in particular in areas such as CRA 3. The fragmented nature of recreational fishing representation has set off a competition of sorts as each of the current contenders seeks to further its own

membership and support base. Commercial access and utilisation rights and opportunities are under constant challenge.

An increasingly demanding environment lobby is also promoting closures to commercial fishing; absolute protection of marine mammals and seabirds; the implementation of ecosystems-based marine management policies. The ecosystem approach is not well defined and the NZ RLIC anticipates this to be a topic which becomes increasingly more demanding on industry time and resources in 2015/16.

Existing projects which demonstrate the environmental responsibility of the lobster industry will continue to be supported and refined. The Whale_Safe programme is now complemented by the Ocean_Snap reporting system. As use of these programmes increases across the inshore fishing fleet a significant data base of observations will be developed and a 'ready-response' protocol implemented in order to reduce the risks of cetacean entanglements.

Issues other than fisheries and marine conservation policies determine the quality of access to fishing grounds. One such issue that is increasingly relevant to the rock lobster fleet is the new Maritime New Zealand (MNZ) MOSS operating system. The transition from Safe Ship Management to MOSS seems to be a challenging and expensive one for many vessel owners and the NZ RLIC Board is inclined towards collaboration across the inshore fishing and aquaculture sectors to appoint an industry technical officer to be the first point of contact for vessel owners.

Co-operative User Group Management

The NZ RLIC continues to support the operation of the National Rock Lobster Management Group (NRLMG) including the provision of administrative support services as required.

The NZ RLIC and CRAMACs will maintain working alliances with a range of relevant non-commercial user groups, local government agencies, and independent research advisers. As required the NZ RLIC will facilitate the CRAMAC interactions with non-commercial stakeholders in the regions and ensure a well-coordinated and professional response to local, regional and national issues.

Data Collection and Management

The NZRLIC is the principal steward of industry generated data gathered from Vessel Logbook programmes. For 2015/16 the NZ RLIC proposes further investments in data base systems design, management and maintenance, having recently transferred all current industry-owned data base management contracts to Commercial Fisheries Services (FishServe).

Several CRAMACs are invested in electronic logbook programmes and their investment is extended to enable the collection of 'harvest data' – in effect an elective catch and effort recording option available to participating fishermen. Contracts with FishServe anticipate the building of searchable data bases and evaluation of options for electronic reporting direct from lobster fishing vessels.

Economic Data

The true economic performance of the rock lobster industry is difficult to measure yet remains a central consideration for TAC and Sustainability decision-making by Ministers. To date the NZ RLIC has experienced some difficulty in commissioning in New Zealand professional assistance to develop a range of economic indicators that will support future industry advocacy and promotion but a preliminary study coordinated with the Auckland School of Business will be completed by November 2015.

Valuation methodologies for use in opportunity adjustments and/or estimates of the economic impacts of spatial exclusion proposals (e.g. marine reserves) and cost to industry of non-commercial allowances made in TAC-setting being exceeded are significant issues in several rock lobster fisheries. The ongoing working relationship with Australian agencies has thrown up a new opportunity. The Fisheries Research and Development Corporation (FRDC) is currently facilitating a project "Valuing Coastal Fisheries: Socio Economic assessment of NSW wild catch fisheries". The project methodology is being investigated and if suitable to the New Zealand lobster industry situation, new trans-Tasman collaborations are likely during 2015/16.

Adding Value in Markets

The NZ RLIC is routinely called upon to advise and coordinate industry responses to agency discussions about seafood industry certification – incorporating either or both quality and environmental performance together with sustainable utilisation standards.

The NZ RLIC contributes to the work of the Seafood Standards Council and to the development of Animal Welfare and Animal Products standards for rock lobster fisheries.

The NZ RLIC also maintain strong working relationships with Australian lobster industry groups and agencies in order to share information and ideas that might have application to the New Zealand lobster fisheries and be of benefit to industry participants. A direct consequence of those relationships has been a trans-Tasman southern rock lobster initiative to investigate the China live lobster market.

During 2014/15 the NZ RLIC export reference group, comprised of representatives from the major lobster exporting companies, has formally constituted to an organisation known as Lobster Export New Zealand (LENZ). To date LENZ has been self-funded but their market investigation project with the Australian southern rock lobster producers may lead to a more strategic China market initiative to consolidate southern rock lobsters as the ‘gold-standard’ premium lobster product. The 2015/16 NZ RLIC Business Plan makes a modest provision to cover the costs of exploring the relevant product standards which might underpin a market promotion initiative.

Food safety is a crucial issue for domestic and export markets. In 2015 the NZ RLIC has ‘refreshed’ a Rock Lobster Biotoxin Management Plan endorsed by the Marine Biotoxin Technical Committee in response to the concerns over toxic algal blooms and PSP toxin events. The original Plan was tested in December 2012 in the central Bay of Plenty and during the period in which the Plan was invoked numerous weaknesses in the wider lobster industry biotoxin management framework were exposed. The NZ RLIC has completed a full re-evaluation of the Plan and has commissioned professional assistance to ensure that necessary biotoxin responses are timely, of limited impact on commercial lobster fishing, exceed MPI standards, and provide credible security to markets as to food safety and product quality.

The Biotoxin project is linked to another trans-Tasman research collaboration commissioned in 2014/15 and the outcomes of that project may change the current regulatory thresholds of toxicity and/or enable better management of lobsters with toxin levels above the current threshold.

Traceability

Food safety is increasingly secured by way of product traceability and there has been increasing interest in the technologies that could be deployed in any generic product traceability programme. The NZ RLIC is primarily interested in standards rather than technologies and will maintain a watching brief in order to coordinate and facilitate (likely in partnership with LENZ) a clear lobster industry policy on product certification and/or validation.

Invitation to Comment

The NZ RLIC Board is agreed that the 2015/16 Rock Lobster Commodity Levy will be set to recover \$588,500 to offset NZ RLIC operational expenses for the period 01 October 2015 through to 30 September 2016. Should you have any enquiries about the proposed 2015/16 NZ RLIC Business Plan and Budget, or about the Rock Lobster Commodity Levy please contact the NZ RLIC office at your convenience.

Contact Details

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Proposed NZ RLIC Operating Budget 2015/16

Operational Income	2014/15	2015/16
CRA Commodity Levy	\$710,750.00	\$588,500.00
External Service Provision	-	\$8,000.00
MPI Research Contract	\$903,017.000	\$903,017.00
Total Income	\$1,613.767.00	\$1,499,517.00

Operational Expenses	2014/15	2015/16
Staff and Resources	\$383,250.00	\$505,000.00
MPI Research Contract	\$783,017.00	\$783,017.00
External Consultants	\$35,000.00	\$31,000.00
Co-Operative Management	\$330,000.00	\$136,000.00
Education and Information	\$26,000.00	\$26,000.00
Elective Research	\$45,000.00	\$11,000.00
Product Standards	\$11,500.00	\$7,500.00
Total Operational Expenses	\$1,613,767.00	\$1,499,517.00

2015/16 Rock Lobster Commodity Levy = \$588,500.00