



2020|2021
BUSINESS PLAN
PROPOSED COMMODITY LEVY

The Fishery First.
From abundance
all benefits flow.



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OUR ROLE, MISSION & VISION

OUR ROLE

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

OUR MISSION

The rock lobster industry has consistently supported and advocated for the New Zealand fisheries management regime (Quota Management System - QMS). This regime is based on ensuring sustainability through controls on all extractive use, the security and incentives created by rights, the resolution of competing interests, and addressing through legislative principles the interactions fishing has with the marine environment. There is work needed to complete the application of this framework to all sectors and realise its potential.

Working within the QMS framework, the NZ RLIC will continue building a cohesive and sustainable industry operating to deliver responsible environmental performance, making a substantial economic contribution - regionally and nationally - and delivering social and cultural value to all users through the healthy status of rock lobster fisheries.

OUR VISION

- To be a united, prosperous and ecologically sustainable rock lobster industry valued and respected by Government and by the wider New Zealand community.
- To be an industry which delivers a beyond premium seafood product to discerning domestic and international consumers.
- To be an industry well equipped to increasingly take on a greater role in fisheries research and management and be acknowledged as a leader in sustainable and innovative management of rock lobster fisheries.



OVERVIEW OF THE 2020/21 BUSINESS PLAN

In January 2020 COVID-19 resulted in a serious health crisis and complete disruption of international trade. Vessel and land-based operations were severely curtailed, and revenue substantially affected. During the first half of 2020, the NZ RLIC focussed on mechanisms to alleviate the impacts, keep the catching sector informed of the restrictions on activity and the requirements for operation, and provide information on the support mechanisms available. We worked with government to allow return of lobsters to the sea and carry forward of uncaught entitlements. In February 2020, the NZ RLIC Board implemented a 50% reduction in commodity levies to recognise the economic situation of the industry.

This business plan and budget acknowledges the uncertainty and economic circumstances faced by our industry. However, despite raising our concerns, regulatory activity by government largely continues and the substantial agenda of matters related to the operation of the fisheries management system and various initiatives which impact on commercial access and use rights persist.

In the COVID-19 environment, the NZ RLIC reinforced the messages about imposing additional cost and unnecessary restrictions and requirements on fishing businesses. There is an acknowledgement within government of the critical role the primary sector will play in the economic recovery of New Zealand and the NZ RLIC will look to leverage this awareness to develop and enhance the

fisheries management framework and evolve our management to retain a world leading status.

The COVID-19 environment has reinforced that we are an export focussed industry and increased our active engagement with Lobster Exporters New Zealand (LENZ).

The now well established and pro-active Commercial Fisheries Forum is a useful and effective vehicle for developing and advocating well formulated positions across the seafood industry.

The formalised collaborative arrangements with the leading industry sector representative organisations - the Paua Industry Council, FisheriesInshore New Zealand and the Deepwater Group, and with Te Ohu Kaimoana - will continue to be important in presenting consistent and coherent messages to government.

The NZ RLIC will continue to work more closely with Te Ohu Kaimoana and Iwi as they increasingly assume their own role in fisheries management and pursue the obligations government has to them under the Fisheries Settlement.

FUNDING

The NZ RLIC has primary responsibility for the Rock Lobster Commodity Levy implemented in 2013 and renewed in 2018. The administration of the mandatory levy (invoicing and debt collection) is contracted to Commercial Fisheries Services Ltd (FishServe).

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

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.

The NZ RLIC operational expenses for the period 01 October 2020 through to 30 September 2021 have been constrained while funding new business expenses to address risks and opportunities the Board has identified, and a temporary increase in staffing costs to cover succession.

The 2020/21 Rock Lobster Commodity Levy will be set to recover \$899,488.93, an increase of \$182,488.93 on the amount currently being collected. The total 2020/21 CRA TACC is 2,800.486 tonnes – the CRA Commodity Levy will be \$321.19 per tonne.



KEY COMPONENTS OF THE 2020/21 BUSINESS PLAN

POLICY AND MANAGEMENT

The challenges faced by the rock lobster industry grow in number and complexity and we continue to seek opportunities to develop and improve the performance of the fisheries management framework, consolidate our management role, and encourage government to recognise the significance of the primary sector in our economy. The 2020 General Election provides an opportunity to reinforce those messages through pro-active engagement with the incoming administration.

The central issues for reform and regulatory activity remain those associated with the fact the lobster industry is highly spatially dependent, and the requirement that all extractive use is effectively managed.

Commercial fishers and quota owners, including owners of Settlement Quota, must



resist closure of fishing grounds. Spatial access is compromised by ongoing pressure for more marine protected areas and poor legislation for biodiversity protection, which is not integrated with the Fisheries Act. Our focus is on ensuring that regional marine protection proposals use science and evidence, are based on addressing the actual risks to biodiversity, and recognise that displacement of fishing negatively impacts on sustainability and biodiversity in the wider QMA and on the fishing industry.

The overlap of function between the Fisheries Act and the Resource Management Act needs to be better delineated in legislation in order to curtail local government assuming inappropriate roles in fisheries management. In the interim there is an urgent need to engage in a number of regional planning processes and to challenge initiatives and re-direct Councils' attention to deliver on their responsibilities to address terrestrial run-off and coastal habitat degradation.

We will continue to engage constructively in the extensive ongoing processes to consider customary marine title applications, settlement legislation, mataitai applications and other fishing closures. There is a compelling need for Government to better address the potential implications for fishing businesses reliant on coastal access whilst acknowledging the customary rights of tangata whenua.

Some government processes are considering spatial management initiatives fueled by concerns about resource availability to recreational fishers and cumulative impacts on the inshore marine environment. We will ensure

those processes apply science and evidence as to the status of stocks and take account of the costs, and implications for access rights, of aspirations to manage fishing at much finer scale within QMA boundaries.

Digital Monitoring (DM) incorporating electronic reporting and geospatial position reporting (ER/GPR) has been implemented despite many unresolved issues and costs. The industry supported the potential efficiency in reporting, but the ER/GPR systems still require adjustment to deliver better information for management and at less cost to operators. Our focus is now on several new and legacy policy issues including returns to the sea, information management and release, the offences and penalties regime, and the ongoing prospect of video surveillance.

An experienced science team has been commissioned to develop approaches to modelling to mitigate the disjunct in information caused by the transition from CELR to DM. These approaches can be used in the interim until we can re-establish the use of management procedures to guide timely TAC/TACC decisions.

There is also ongoing work on stock targets, allocation between the commercial and recreational sectors, decision flexibility and the need to evolve policies and procedures to better deliver the ecosystem approach to management which is inherent in provisions of the Fisheries Act.

In all this work we seek to enhance the role of the industry in policy development and delivery of services. Our industry can deliver lower cost and responsive management initiatives. Legislative



and operational reform could create a better framework to enable collective decision making by our industry, and supporting initiatives such as ACE shelving, fishery planning and local management.

Close involvement in the annual review of rock lobster stocks, the TAC, TACC and allowances, and regulatory controls will remain a core role of the NZ RLIC, working with the relevant CRAMACs. Effective steps to measure and manage recreational landings and ensure the recreational allowance is not exceeded need serious focus. Commercial fishing is very closely managed, to the kilogram, with intensive reporting. Yet the estimates of catch for recreational fishing are often so uncertain as to be unusable for management.

A key unrealised component of the 30-year-old rights-based QMS is to have effective controls on extraction by the recreational sector to avoid erosion of commercial access and utilisation rights and the intended benefits of the Fisheries Settlement.

Other policy and operational issues will continue to require our attention including:

- COVID-19 demonstrated that events completely unrelated to stock sustainability can result in inability to take commercial catch entitlements. There is a discussion needed on the circumstances and criteria in which carry forward of unused catching rights will be enabled
- Revenue loss and cost pressure associated with COVID-19 have reinforced the need to resolve long outstanding issues related

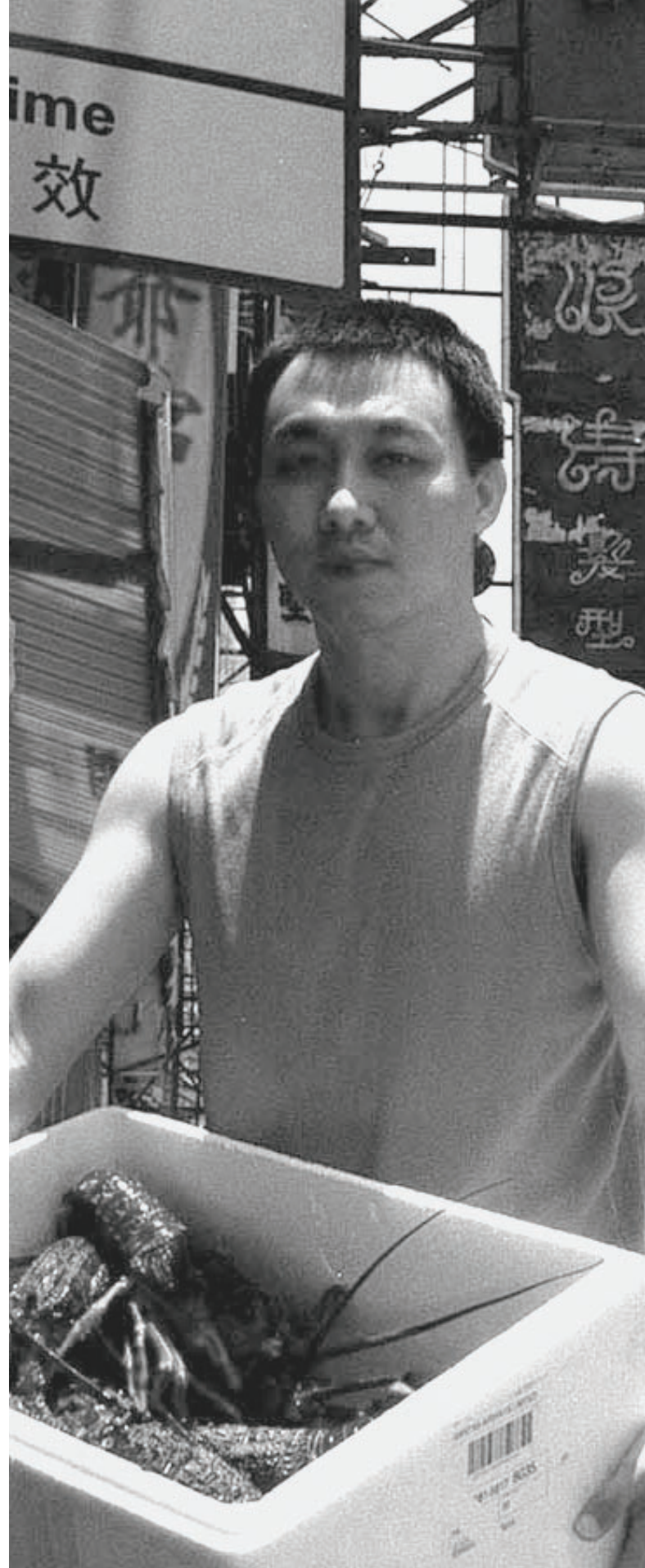
to cost recovery. The NZ RLIC will pursue proper attribution of costs, actively press for efficiency and/or devolution of service delivery, and continue to seek increased accountability and transparency from the Ministry and DOC

- We will continue to work with other industry organisations to update and revise the “Open Seas” framework to provide an accessible and authoritative source of information on the sustainability of rock lobster fishing; and
- We will continue to seek improvements to the local and central government regulatory framework so that it considers and addresses the impacts on rock lobster stocks of percussive seismic surveys.

Collaboration to Invest in the Management Framework

The NZ RLIC provides leadership, representation and an advocacy role for the New Zealand rock lobster industry. Enabling and coordinating CRAMAC engagement, and our oversight and guidance on policy and operational issues, remain key roles of the NZ RLIC central office.

Since early 2017 the NZ RLIC has also aided and facilitated ‘whole of industry’ collaboration with fishing industry and aquaculture representative organisations. The Commercial Fisheries Forum (CFF) comprises rock lobster, pua, inshore finfish and deep-water Sector Representative Entities (SREs), and Aquaculture New Zealand.





Various smaller commercial stakeholder organisations also participate. An active working relationship with Te Ohu Kaimoana and Seafood New Zealand (SNZ) is maintained through attendance by their representatives.

The CFF undertakes background work to support engagement with FNZ, MPI and other central and local government agencies on a large and evolving agenda of policy and operational matters relevant to and impacting on inshore fisheries.

The CFF operates as an effective, including cost-effective, grouping of seafood industry interests sharing an agreed vision for strategic development of our rights-based regime and for protecting and enhancing fishing access and utilisation opportunities. The NZ RLIC will facilitate stronger integration with Seafood New Zealand and industry representative bodies in respect of service provision and better coordinated industry advocacy to government.

The NZ RLIC 2020/21 operational budget will again make provision to commission high level external specialist legal and policy advice, but our provision continues to be leveraged with the contributions from the Commercial Fisheries Forum participants. This increases the effectiveness of the NZ RLIC investments.

Co-operation Across User Groups and Jurisdictions

The NZ RLIC and CRAMACs will maintain working alliances with a range of relevant non-commercial user groups, Government agencies, and independent research advisers.

We support the operation of the National Rock Lobster Management Group as the only

multi-sector management group with a key role in advising the Minister on management of a fishery in New Zealand. The operation of the group is under review. We want it to retain its focus on evidence-based advice and to be a forum for developing consensus across stakeholder groups. We will seek to establish an NRLMG-agreed work program to achieve the needed improvement in the rock lobster fisheries management framework.

The NZ RLIC will maintain its regular and constructive working relationships with Australian lobster industry groups and agencies to share information and new developments, and to collaborate on research, including co-investment, that has application to the New Zealand lobster fisheries.

The 2020/21 schedule of international conferences and workshops have yet to be confirmed post COVID-19 disruptions. The NZ RLIC participation will be based on an assessment of the value we can obtain from the agenda and networking opportunities.

COMMUNICATION

The NZ RLIC Board conducted a review of strategic direction in February 2020 which identified several focus areas for the operation of the NZ RLIC. COVID-19 disrupted some outcomes of that review, but opportunities are already opening up. The Board intends effective and constructive engagement and advocacy with government and stakeholders, and that energy and focus are applied to the risks and opportunities for the lobster industry.

The NZ RLIC senior management team will continue to take every opportunity to engage

directly with CRAMAC committees and their constituents in the regions. The face-to-face interaction remains a priority for central office along with instituting methods of encouraging a pro-active communication and response to and from industry personnel.

Constructive relationships with government and other fisheries stakeholders and iwi are central to having the opportunity to explain our views and influence processes to achieve useful outcomes. To achieve this, NZ RLIC maintains a calm, rational and evidence-based approach to its advocacy. We will target media responses to address errors and imbalance, while avoiding the risks of responding to every ill-considered media story.

A meaningful improvement in community understanding about the rock lobster industry will be sought through providing material to publications with wide readership. The articles will promote responsible activities of the rock lobster industry, the extensive voluntary stock monitoring programs, and seek to bolster support for the New Zealand fisheries management regime.

The NZ RLIC will make increasing use of social media opportunities including the established Southern Rock Lobster Facebook page and a related Twitter account. Investment in communication will extend to contracting professional advice on the most effective deployment of our available resources.

A revised NZ RLIC website (www.nzrocklobster.co.nz) will be maintained so that material is factual, current and relevant. CRAMAC Committees have the opportunity to use the website to regularly post news and information relevant to their membership.



ELECTIVE RESEARCH AND DEVELOPMENT

The NZ RLIC facilitates and coordinates elective and direct-purchase research projects, each of which is sponsored, funded and initiated by the NZ RLIC or by CRAMACs. Investments will continue to be made in a range of research activities. Past projects have included biosecurity, genetics, climate change, animal husbandry and protected species interactions. For 2020/21 investments will be made to build on past work and to initiate new projects.

Biological

Biotoxin events are occurring with increasing frequency and greater intensity over recent seasons, and across a more extensive area of coastline. Given the very serious economic implications if the main market in China detected biotoxins in export shipments, there is ongoing work to improve the timeliness and efficacy of our Marine Biotoxin Risk Management Plan and its implementation.

It is unfortunate that natural biotoxin events will disrupt rock lobster fishing and cause short term cost. However, these costs are minor compared to the losses that would be suffered for all CRA areas should China prevent access because of detection of toxins in lobsters. As a result, the Plan is under continual review to ensure its practicality and effectiveness taking into account new information about biotoxins and their effects on rock lobster.

The investment in support of the National Marine Biotoxin Risk Management Plan for the New Zealand Rock Lobster Industry will be maintained. Issues relating to toxin accumulation and depuration times must be clarified, the risks from new biotoxins addressed, and new testing mechanisms developed, so that industry best practice will minimise the loss of fishing time and/or export opportunity in the case of persistent toxic algal blooms.

Our co-investment in research including depuration and improved diagnostic tests for existing and new toxins is continuing in Australia and New Zealand. We maintain the collaborative work with Australian southern rock lobster producers to learn from and harmonise our respective response regimes and coordinate the development and acceptance of associated testing protocols and food safety standards across the Trans-Tasman southern rock lobster industries.





Marine Environment - Data Collection and Management

Fishing practises that reduce risk of whale interactions and timely responses to observation of migrations are even more important as whale populations increase around New Zealand. The *WhaleSafe* Manual, coordinated and distributed by the NZ RLIC after detailed consideration of the consequences to industry of whale entanglements associated with commercial lobster fishing, is currently being updated. There were a number of technical challenges with the OceanSnap reporting tool when it was first released. It is being rebuilt to both IOS and Android smartphone standards. These are two of the tools that industry has to assist in avoiding or mitigating interactions with the increasing numbers and more frequent whale movements around the New Zealand coastline.

For 2020/21 the NZ RLIC intends a strong collaboration with relevant agencies in an effort to improve disentanglement team availability and shorten response times. The rock lobster industry can assist with tracking injured or entangled whales by deploying GPS location buoys. The emergence of more reliable and more affordable ropeless fishing technologies will be investigated.

The NZ RLIC will also continue to monitor marine mammal and seabird responses across overseas lobster fishery jurisdictions to improve industry best practice in New Zealand.



CRAMACs and the NZ RLIC have significantly invested in electronic logbook platforms and data bases to support the critical stock monitoring programmes. The NZ RLIC will ensure that electronic data collection and storage protocols continue to meet or exceed the standards required by the Ministry for Primary Industries.

These projects are even more important because they provide a time series of fisheries' performance indicators despite the disruptions to the 'traditional' time series of commercial CPUE data caused by ER/GPR reporting. Until we are confident the new Ministry electronic reporting regime is operating effectively, upgrades to the existing *BERT* and *ERNIE* vessel logbook platforms will be undertaken to ensure their operating effectiveness.

Logbook data remain critically informative and cost effective as a contribution to stock assessments and management decisions.

Logbook data have also proven to be essential when assessing impacts of proposed spatial exclusions.

The NZ RLIC maintains the *TagTracker* data base as an incentive to fishermen to report rock lobster tag recaptures. Recapture data – in particular growth increments – are essential to stock assessments, and tagging has shown that growth can be variable over time in some management areas. Contracts are signed with FishServe to manage the tag release and reporting data bases and to process Vessel Logbook data.

A program to collect economic data will be piloted in 2020/21. There is a clear need for more specific, credible information to inform industry submissions and decisions on spatial access loss, re-allocation and other issues adversely affecting QSOs and operators through both cost imposition, reduced economics of operation and uncertainty.



PRODUCT STANDARDS AND CERTIFICATION

The NZ RLIC Board supports the promotion and marketing of New Zealand rock lobster exports as ‘beyond premium’ and, in co-operation with *Lobster Exporters New Zealand* (LENZ), is investing to ensure ongoing market access and assist the industry in obtaining maximum value from quota limited landings.

The NZ RLIC is routinely called upon to advise and coordinate industry responses to agency discussions about rock lobster as a seafood export product – which can incorporate food safety, quality, animal welfare and environmental performance dimensions. The NZ RLIC will continue to work closely with, and financially support, the New Zealand Seafood Standards Council and monitor any reviews of Animal Welfare and Animal Products standards for rock lobster fisheries.

After analysis of the cost benefit of third-party certification of New Zealand rock lobster fisheries, the NZ RLIC Board in collaboration with Lobster Exporters New Zealand (LENZ) decided the case was not compelling at this time. However, developments and uptake of independent third-party certification in the China market, particularly as they relate to markets for New Zealand rock lobster, will continue to be closely monitored.

The *OpenSeas* framework (www.openseas.org) is under review and the NZ RLIC and LENZ will engage in this process in order to

provide an independent source of information and validation of New Zealand rock lobster fisheries management.

The NZ RLIC will monitor the development and implementation of seafood labeling and traceability standards and coordinate the development of appropriate rock lobster industry responses. In particular, the response of the Chinese market to these global trends in the way seafood is distributed will be monitored.

STAFF AND RESOURCES

The NZ RLIC senior management team has the expertise and experience to deliver an energetic focus and well-informed representation on the many policy, operational and administrative issues that confront the lobster industry. The team provides timely support and facilitation for the regional CRAMACs and for industry participants generally as requested.

Chief Executive Officer **Mark Edwards** heads up the central office team with **Daryl Sykes** as the Chief Operating Officer and **Helen Regan** as NZ RLIC Business Manager. **Leigh Brown** is contracted to provide administrative support. During 2020/21 work will resume to maintain succession planning across our key operating areas, and to ensure ongoing capability to address the challenges in the work programme.

Central Office and Regional Support

The NZ RLIC will maintain a central office and administrative facilities at Eagle Technology House in Wellington to provide facilities for staff and visitors; and to better serve industry

members. The NZ RLIC central office adjoins a seafood cluster anchored by Commercial Fisheries Services Ltd (FishServe). Following COVID-19, a review of the accommodation floorplan in Eagle Technology House is underway. As it has done since 1996, the NZ RLIC will coordinate the delivery of a wide range of technical, science, legal and policy advice to CRAMACs and individual industry members. On request from the CRAMACs, financial administration of rock lobster Stock Specific Levy income is undertaken by the NZ RLIC.

Recognising the opportunity and benefits of more capacity, and the increasing complexity and workload, most CRAMACs now have professionals appointed to address issues in their regions and improve coordination and communication.





ROCK LOBSTER FISHERIES RESEARCH

A principal role for the NZ RLIC central office is management and coordination of the rock lobster fisheries stock monitoring and stock assessment research contract with the Ministry for Primary Industries (MPI), which NZ RLIC has held for successive terms since 1997.

The current contract is for one year ending on 30 March 2021 and NZ RLIC will seek a renewal beyond this term. A review of provision of research services initiated by the Ministry for Primary Industries was completed by an independent consulting firm in 2019. The review did not identify any serious issues, but NZ RLIC will work with the Ministry on the implementation of standards and procedures that ensure the integrity of the research process.

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. These relationships include contracts with NIWA, QuantiFish Ltd; StarrFish, Lat37 Ltd, Drs. Merrill Rudd, Jim Roberts and Maite Pons, and five other sub-contractors doing field work. Dr. Paul Breen is retired from the stock assessment team but remains contracted to the NZ RLIC Board as a science advisor.

The contracted stock monitoring work programme comprises:

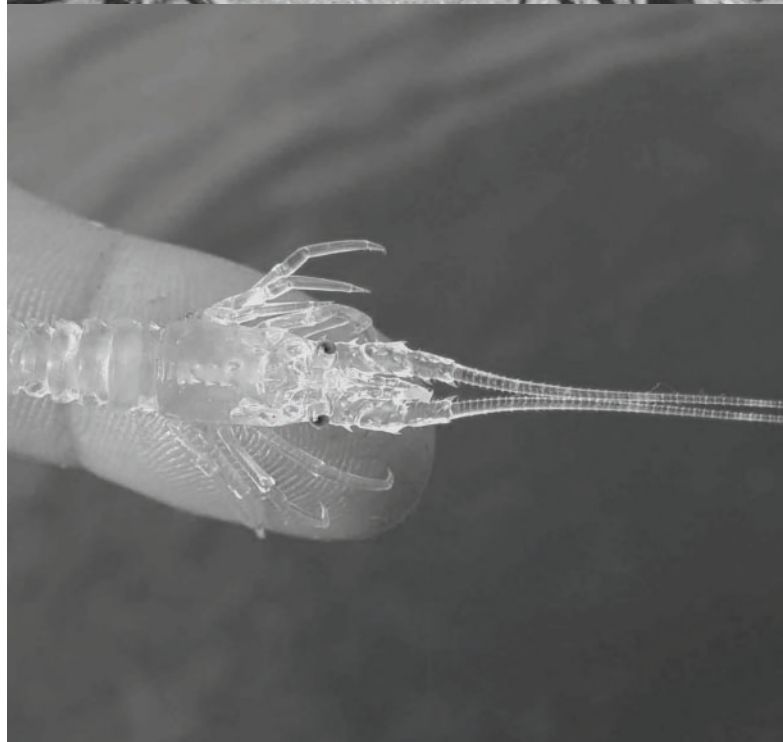
- observer catch sampling in five management areas and vessel Logbook programmes in three management areas to collect length frequency and other biological data; and
- tag release and recapture programmes to measure the growth of lobsters for use in length-based population models.

The stock assessment science team will be principally engaged in:

- developing a revised modelling approach to undertake assessments that can be applied given the disjunct in CPUE data.
- Confirming the approach to derive stock management targets/biological reference levels.
- reviewing and comparing the CELR (paper-based) and ER/GPR CPUE data to investigate whether reliable relative abundance time series can be constructed for all management areas; and
- estimating biomass and sustainable yields for nominated rock lobster stocks.

The assessment team members are also science advisors to the National Rock Lobster Management Group which is the primary source of advice to the Minister on all matters relating to rock lobster fisheries research and management. Their analysis and assessments are peer reviewed by the Rock Lobster Fishery Assessment Working Group convened by Fisheries New Zealand. NZ RLIC personnel remain very closely involved in this science process.

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



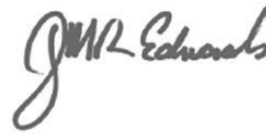
2020/2021 BUDGET AND PROPOSED COMMODITY LEVY

COMMODITY LEVY

The NZ RLIC shareholders agreed that the 2020/21 Rock Lobster Commodity Levy will be set to recover \$899,488.93 to offset NZ RLIC operational expenses for the period 01 October 2020 through to 30 September 2021.

The total 2020/21 CRA TACC is 2,800.486 tonnes – the CRA Commodity Levy will be \$321.19 per tonne.

Should you have any enquiries about the proposed 2020/21 NZ RLIC Business Plan and Budget, or about the Rock Lobster Commodity Levy please contact the NZ RLIC office at your convenience.



Mark Edwards

Chief Executive Officer

NZ Rock Lobster Industry Council Ltd

2020/21 BUDGET AND PROPOSED COMMODITY LEVY

Income	Budget 2018/19	Budget 2019/20	Budget 2020/21
Commodity Levy	\$730,000.00	\$717,000.00	\$899,488.93
External Service Provision	\$15,000.00	\$15,000.00	\$21,100.00
MPI Research Contract	\$994,000.00	\$ 596,400.00	\$597,600.00
Surplus Carried Forward	\$105,000.00	\$134,600.00	\$105,000.00
Total Income	\$1,844,000.00	\$1,463,000.00	\$1,623,188.93

Expenses	Budget 2018/19	Budget 2019/20	Budget 2020/21
Co-operative Management (Co-operative Management)	\$132,000.00	\$95,000.00	\$95,000.00
Communication (Education and Information)	\$35,000.00	\$55,000.00	\$74,660.00
Elective Research and Development	\$45,000.00	\$35,000.00	\$30,500.00
External Consultants	\$32,000.00	\$0.00	\$0.00
Product Standards and Certification	\$53,000.00	\$55,000.00	\$61,269.00
Staff and Resources	\$653,000.00	\$683,000.00	\$717,259.93
MPI Research Contract	\$894,000.00	\$540,000.00	\$469,500.00
CRA 2020-21 Research	\$0.00	\$0.00	\$175,000.00
Total Expenses	\$1,844,000.00	\$1,463,000.00	\$1,623,188.93