

Office of Hon Stuart Nash



MP for Napier

Minister of Police

Minister of Fisheries

Minister of Revenue

Minister for Small Business

Geoff Keey
Strategic Advisor
Forest & Bird
G.Keey@forestandbird.org.nz

OIA 18-289

Dear Mr Keey

Thank you for your Official Information Act 1982 (the Act) request dated 19 October 2018. You have sought:

... a copy of all correspondence from Talley's Group (Motueka), including Amaltal, or its representatives since January 1 2018 that has been received by Ministers of the Crown (including Associate Ministers), their staff and any employee of Ministerial Services or Department of Prime Minister and Cabinet.

This request was transferred by the Department of Prime Minister and Cabinet as the request is more closely connected to my functions as the Minister of Fisheries.

I have identified three items of correspondence that fit within the scope of your request.

Information to be released

Two items will be released to you, with some information withheld to protect the privacy of individuals under section 9(2)(a) of the Act.

Information to be withheld

One item will be withheld in full under section 6(a) as the making available of that information would be likely to prejudice the international relations of this Government.

You are entitled to ask the Ombudsman to review this response under section 28(3) of the Official Information Act. You can contact the Ombudsman online via the Ombudsman website, by email (info@ombudsman.parliament.nz) or by post to The Ombudsman, PO Box 10152, Wellington 6143. Further details can be found on the Ombudsman website at: www.ombudsman.parliament.nz.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stuart Nash'.

Hon Stuart Nash
Minister of Fisheries



Received
23 OCT 2018
Office of Hon Stuart Nash

15 October 2018

Minister Nash
Ministry of Fisheries
Private Bag
Wellington

By email

Dear Minister,

There were two matters you raised last Wednesday which require correction.

Leasing Quota

You alleged that most of New Zealand's "top 10 quota holders don't fish their own fish they just lease it out". That statement is incorrect. The top 10 NZ quota holders (all species) and their activity is set out below:

	Name	Tonnes Held	Fish their Quota
1	Sanford		
2	Sealord	130,349	Yes
3	Talley's Group	122,489	Yes
4	Independent Fisheries	81,311	Yes
5	Vela	50,219	Yes
6	United Fisheries	27,351	No
7	Ngai Tahu	14,709	Yes
8	Ceebay / Maruha NZ Corp	14,565	Yes
9	Aotearoa Fisheries	10,536	Yes
10	Solander	9,047	Yes
		7,640	Yes

You can see they all fish their quota with the exception of one.

My wider concern is with the suggestion that for some reason leasing quota should be discouraged. First, all quota holders actively trade quota annually in the lease market - it is a central component of the QMS that they do that in order to balance their catch mixes. The ability to trade ACE ensures Industry as a whole can 'balance' their ITQ and catch. Trading quota amongst themselves is key to that for fishers, processors and quota holders.

Secondly, the QMS was not only designed to ensure the sustainable utilization of resources but to also promote economic efficiencies within the Industry. It makes sense that ITQ holders combine, swap and trade ITQ (ACE or in perpetuity) to secure the most efficient outcome.

HEAD OFFICE
Phone 64-3-528 2800
Email: inquiries@talleys.co.nz



EST 1936

TALLEY'S GROUP LTD PO Box 5, Motueka 7143, Nelson, NEW ZEALAND

Fax Numbers:
Head Office: 64-3-528 2802
Export: 64-3-528 2877
N.Z. Sales 64-3-528 2805
AT Minister Nash 15.10.18

The Industry be it Talley's, Sealord, Sanford's or others all lease in and lease out fish where doing so makes the most economic and efficient sense. For example, Talley's don't specialize or have the vessels to be efficient at catching Jack Mackerel – Independent and Sealord do, hence we would ordinarily lease out our mackerel quota or trade it for something where our efficiency is better (e.g.: Hoki, Dory or Roughy). Industry also regularly combine (by way of ACE lease) quota parcels on a single vessel to ensure one vessel and not several are required to harvest the resource. Those are all outcomes (economic efficiency) that the Minister of Fisheries should promote not discourage. It's exactly as the QMS intended and it is achieved to a large extent by the ability to trade quota.

Resource Rentals

The other concerning comment was a support for resource rentals on the basis "Industry were given their quota for nothing".

Your suggestion that existing quota ownership results from the initial allocations that were obtained "without cost" to those in our Seafood Industry cannot be substantiated. I corrected you at the time but wish to provide you with the facts that substantiate that.

Fisheries quota can only be acquired from 3 sources

- i) Purchase from the Crown.
- ii) Initial allocation from the Crown.
- iii) Purchase from 3rd party.

Crown Sale of Quota

On initial allocation in 1986 over 200,000 M/T of quota was retained by the Crown for sale. I've attached some of the initial MAF tender documentation.

For example, the Crown retained and sold at market value 64% of all hoki quota, 49% of the hake quota, 26% of Orange Roughy, 24% of Ling, and 27% of the entire Silver Warehouse fishery.

In 1986/87 alone, the Crown sold 132,584 M/T of quota on an open tender (to any New Zealander) for a total of over \$76.6m. Today that \$76.6m received by the Crown in 1986 has a present value of \$899m (at 8% annual return) to the Crown. The Crown progressively sold down almost the entirety of their quota ownership on an open tender basis over the following years.

Allocation

The initial quota allocations were based on historical catches and investment in the fisheries – they did not constitute a 'windfall'.

The QMS changed the character of the then existing fishing rights, from an unrestricted catching right to a property right, restricting annual catch access to fixed tonnages of catch. These property rights arose from the investment by Industry of millions of dollars in the development and viability of New Zealand's fisheries. In many cases, the initial quota allocations were significantly below historical catches, resulting in immediate and

substantial economic losses to Industry. Although partial compensation was available, most current quota owners absorbed the full costs of the restructuring in anticipation of benefits from future quota increases. Industry met the full costs and risks of the exploration and development of the fisheries, providing substantial economic benefits to New Zealand. Fisheries, like farms, do not exist without first being developed. This requires risk and investment capital to create value. Prior to the QMS most of this value was intangible; in the development of catching technology, processing capability, and markets which the QMS purposefully recognized, as without it fishing rights were of little use.

Allocation to existing fishers was made on that basis on introduction of the QMS - not 'without cost'.

Acquisitions From 3rd Parties

The overwhelming majority of quota ownership today is the result of the sale and purchase of quota on a willing buyer / willing seller basis subsequent to the initial allocations. The vast majority of those who were allocated quota based on their historic fishing history have since sold out of the Industry with new or other entrants having acquired that quota, *bona fide*, and for value.

As a result very little of today's quota holding is on the basis of fish that was allocated by the Crown in 1986 - rather it was purchased for full value on an open market by today's quota holders.

Summary

In summary over 80% of all quota held today by New Zealand quota holders was either

- Purchased from the Crown or
- Purchased from a 3rd party for full value on market

It was not 'allocated for free' as you suggested last Wednesday.

Finally, on the matter of resource contributions, the New Zealand Seafood Industry has contributed over \$365m in the last 10 years to the Crown by way of Management Levies, Conservation Levies and Deemed Value payments. I know of no other sector that is contributing as much to the sustainable management, research or ocean resources of New Zealand's marine environment. It is an already unparalleled and largely unrecognized contribution.

Kind regards,



Andrew Talley

Press Release

21 Nov. 1987

FISHERIES TENDER

The Minister of Fisheries, Hon. Colin Moyle, has announced the availability of several species of finfish by way of competitive tender. Of the six species available, 140,184 tonnes of fish will be allocated in perpetuity and 5,509 tonnes will be allocated only for the fishing season ending 30 September 1987. Species are available for tender in areas where the Total Allowable Catch (TAC) is greater than fish catch histories. New Zealand nationals and companies are eligible to enter the tender which will close on 12 December 1986. Species available for tender are 1720 tonnes of Barracouta, 1271 tonnes of Hake, 2117 tonnes of Ling, 7,780 tonnes of Orange Roughy, 1805 tonnes Stargazer and 131,000 tonnes of Hoki. Within the tender system an administrative allocation will be made to non-quota holding processors of 4,000 tonnes of Orange Roughy and 15,000 tonnes of Hoki. Mr Moyle stated that this restricted allocation is designed as a measure of assistance to companies experiencing a downturn in fish supplies due to the restructuring of the inshore fishery.

Details of the tender and tender documents are available from offices of the Ministry of Agriculture and Fisheries.

RELEASED INFORMATION ACT
OFFICIAL INFORMATION ACT

78
7/6

(Advertisement)

MAF

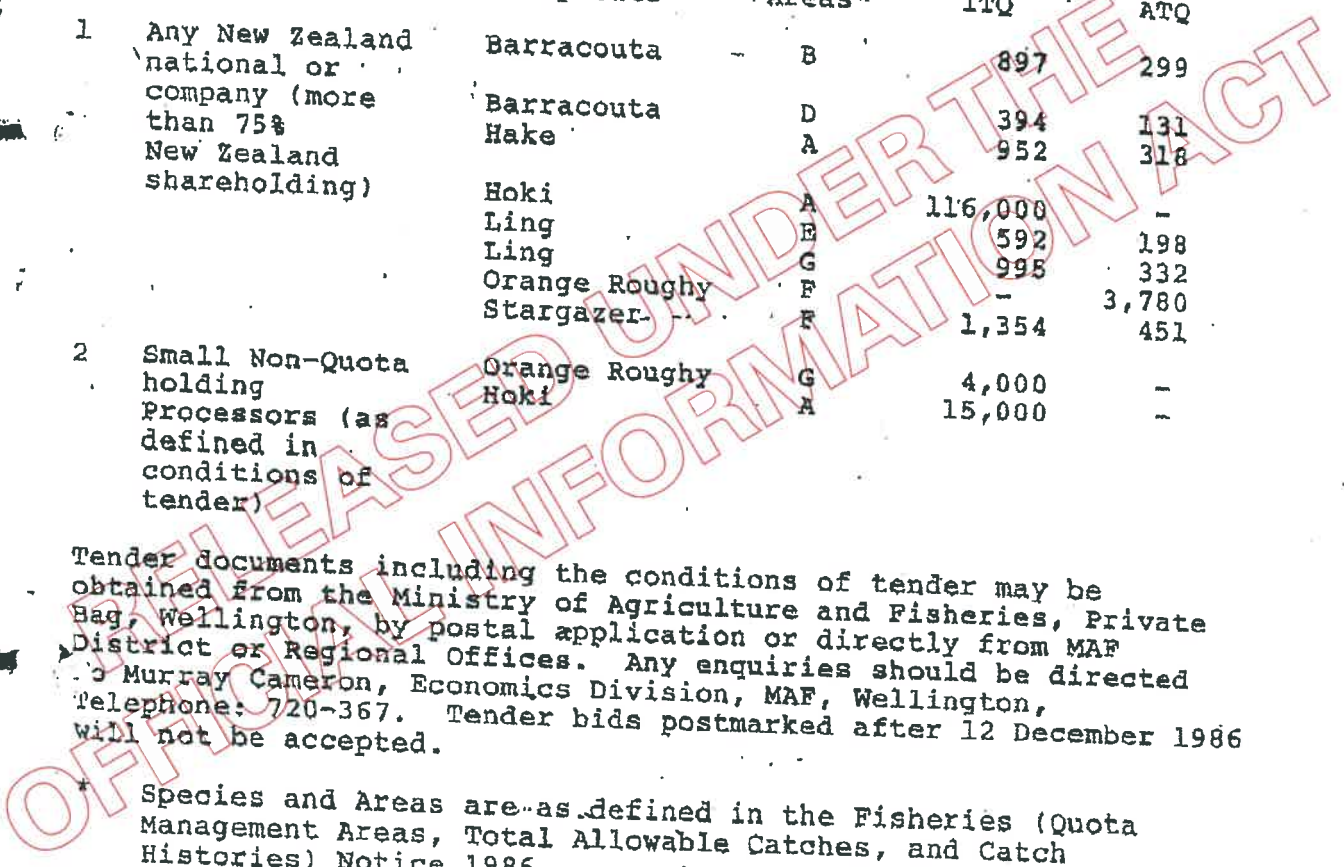
FISHERIES ITQ TENDER

The Minister of Fisheries hereby invites the persons referred to below to participate in a competitive tender for individual transferrable quota for the species referred to below:

Persons eligible	Species	Areas*	ITQ	Amount (tonnes)	
				ITQ	ATQ
1 Any New Zealand national or company (more than 75% New Zealand shareholding)	Barracouta	B	897		299
	Barracouta	D	394		131
	Hake	A	952		318
	Hoki	A	116,000		-
	Ling	E	592		198
	Ling	G	995		332
	Orange Roughy	F	-		3,780
	Stargazer	F	1,354		451
2 Small Non-Quota holding Processors (as defined in conditions of tender)	Orange Roughy	G	4,000		-
	Hoki	A	15,000		-

Tender documents including the conditions of tender may be obtained from the Ministry of Agriculture and Fisheries, Private Bag, Wellington, by postal application or directly from MAF District or Regional Offices. Any enquiries should be directed to Murray Cameron, Economics Division, MAF, Wellington, Telephone: 720-367. Tender bids postmarked after 12 December 1986 will not be accepted.

* Species and Areas are as defined in the Fisheries (Quota Management Areas, Total Allowable Catches, and Catch Histories) Notice 1986.



27 July 2018

Hon. Stuart Nash
Minister of Fisheries
By Email

Dear Minister,

Cabinet Paper on Cameras

For the avoidance of doubt the undersigned NZ Seafood companies and stakeholders do not support your current proposal for compulsory cameras to be imposed on all commercial fishing vessels.

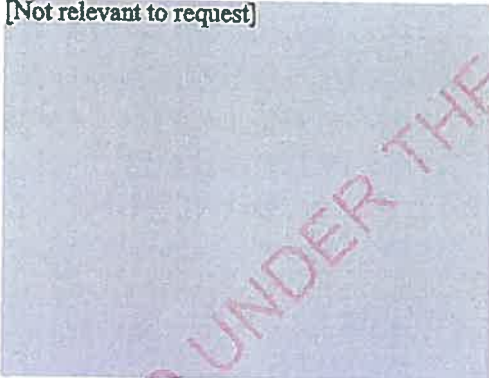
The reason for those objections are well known to you and any one of us are happy to meet and articulate those further.

The purpose of this letter is to dismiss any suggestion that the "NZ Seafood Industry" supports the current proposal, is in any way split in its opposition to it or that our industry has anything less than overwhelming opposition to your Ministry's current proposal for cameras.


As always we welcome constructive engagement on the matter but wish to ensure nothing proceeds on the basis of a mistake as to the level or existence of support for that proposal.

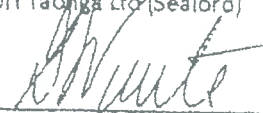
Yours Sincerely,

[Not relevant to request]



New Zealand Federation of Commercial Fishermen


Pupuri Taonga Ltd (Sealord)


Te Ohu Kai Moana Trustee Ltd

[Not relevant to request]




Talley's Group Ltd

[Not relevant to request]



RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982