

**OFFICE OF THE MINISTER  
FOR INDUSTRY AND REGIONAL DEVELOPMENT  
OF FISHERIES  
FOR THE ENVIRONMENT  
OF CONSERVATION  
OF LOCAL GOVERNMENT  
OF MĀORI AFFAIRS**

The Chair  
**ECONOMIC DEVELOPMENT COMMITTEE**

**THE GOVERNMENT RESPONSE TO THE NEW ZEALAND AQUACULTURE STRATEGY**

**PROPOSAL**

- 1 To seek agreement to the proposed government response to the New Zealand Aquaculture Strategy.

**EXECUTIVE SUMMARY**

- 2 The government made a commitment at the end of July 2006 to respond to the industry-led New Zealand Aquaculture Strategy. A draft response to the New Zealand Aquaculture Strategy was endorsed by aquaculture ministers (Minister of Fisheries, Minister for Industry and Regional Development, Minister for the Environment, Minister of Conservation, Minister of Māori Affairs and Minister of Local Government) in December 2006.
- 3 The proposed response does not address all the actions identified in the New Zealand Aquaculture Strategy. Instead, it is structured around five priority areas or 'key pillars':
  - Building the confidence to invest;
  - Improving public support;
  - Promoting Māori success;
  - Capitalising on research and innovation; and
  - Increasing market revenues.
- 4 Each pillar has several related initiatives. Through these initiatives, government aims to support the implementation of the regulatory regime for aquaculture, to encourage investment in the sector, and facilitate the transformation of the sector into a higher-value contributor to the New Zealand economy.

- 5 The response also recommends that government support the following mechanisms, to assist the implementation of the five pillars and ensure ongoing engagement with industry:
- the continuation of the Aquaculture Ministers Group, the Chief Executives Steering Group and the Aquaculture Implementation Team;
  - the establishment of industry and government forums on aquaculture; and
  - a national position statement on aquaculture.

## **BACKGROUND**

- 6 The New Zealand Aquaculture Strategy was launched on 28 July 2006 at the annual New Zealand Aquaculture Conference in Nelson. At the launch, the Minister for Industry and Regional Development and the Minister of Fisheries announced that government would respond to the strategy.
- 7 The aquaculture strategy describes the actions that industry, central and regional government, iwi and science providers will need to take to support the industry's overall goal. The goal of the aquaculture strategy is that by 2025 the New Zealand aquaculture sector will have sales of NZD 1 billion per annum.
- 8 The aquaculture strategy includes a ten-point plan that sets out the key actions required for its implementation. The ten-point plan will:
- Establish a new national sector organisation;
  - Strengthen the partnership with government;
  - Strengthen other stakeholder partnerships;
  - Secure and promote investment in aquaculture;
  - Improve public understanding and support for aquaculture;
  - Promote Māori success in aquaculture;
  - Develop the market for New Zealand aquaculture products;
  - Maximise opportunities for innovation;
  - Promote environmental sustainability and integrity of aquaculture; and
  - Invest in training, education and workforce promotion.
- 9 The new sector organisation, New Zealand Aquaculture Ltd, will lead the implementation of the strategy. It is expected to be operating in the first quarter 2007. Government has already made a commitment to the creation of New Zealand Aquaculture Ltd by providing funding of \$70,000 from the Regional and Industry Development Fund. This was provided to support its establishment and work programme.

## The Proposed Government Response

- 10 The proposed response does not address every action in the aquaculture strategy that identifies a government agency as an implementation partner. Instead, the government's response is focused around five pillars:
- Building confidence to invest;
  - Improving public support;
  - Promoting Māori success;
  - Capitalising on research and innovation; and
  - Increasing market revenues.
- 11 The pillars are aligned with the priorities of the industry<sup>1</sup>. Through these pillars, government aims to:
- implement the regulatory regime for aquaculture, to encourage investment in the sector; and
  - support the transformation of the aquaculture sector into a higher-value contributor to the New Zealand economy. The aquaculture sector was selected as one of the three priority sectors under the economic transformation agenda [CBC Min (06) 213 refers].<sup>2</sup>
- 12 The government response broadens the focus from the implementation of the aquaculture legislation and the regulatory environment to working with the industry to support its transformation. Other pillars considered during the development of this response were *environmental sustainability* and *investment in training, education and workforce promotion*. It was agreed that environmental sustainability is pervasive across all five pillars and the industry do not see training, education and workforce promotion as an immediate priority.
- 13 Each pillar has a number of specific initiatives. These are the initial commitments that government will make over the next two to three years in response to the aquaculture strategy. In addition to the five pillars and initiatives, the following activities also have the potential to deliver significant assistance to the aquaculture sector:
- the cross-government response to the Food and Beverage Taskforce report being led by the Ministry of Economic Development (MED);
  - options for a range of tax reductions to encourage business investment in research and development, export market development and enhance skills in the workforce; and

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<sup>1</sup> The New Zealand Aquaculture Council has prioritised the actions included in the aquaculture strategy.

<sup>2</sup> The other two being food and beverage and tourism.

- the Market Development Assistance Scheme (MDAS) receiving a one off funding boost of \$33.750m, over and above the appropriation of \$27.107m in 2006/07, for Export Year 2007 [CAB Min (06) 42/9 refers]. This aims to encourage the entry of more New Zealand firms into global markets.

## THE FIVE PILLARS AND RELATED INITIATIVES

14 The key initiatives under each of the five pillars reflect the need for both immediate progress and the building of strong foundations for the future of the sector. For this reason, the government's response to the aquaculture strategy includes a mix of new initiatives and initiatives already being implemented as part of the work programme of the Aquaculture Implementation Team<sup>3</sup>.

### Pillar 1: Building confidence to invest

15 The objective of this pillar is to encourage both regional councils and industry to invest in new aquaculture management areas (AMAs) and support the improved use of existing space. Under this pillar, government support will be focused on establishing good practices, fostering a collaborative approach, and reducing the high transaction costs (for both regional councils and industry), associated with running a robust AMA planning process.

16 The success of this pillar is dependent on how regional councils and industry manage the following factors, which make certainty around the creation and timing of new AMA space difficult:

- competition for coastal space creates conflicts, particularly where new AMAs are proposed in sheltered waterways and harbours;
- the process to develop new aquaculture space within the Resource Management Act (RMA) is complex, requiring both a plan change and resource consent application, plus associated information gathering and extensive consultation; and
- the AMA process is untested. The first AMAs will take longer to establish as councils identify and work through issues and administrative processes for the first time.

*Initiative 1: Priority projects to create new AMA space in Northland and Auckland, encourage research and innovation and facilitate regional partnerships*

17 These projects were approved by aquaculture ministers in August 2006. They aim to encourage:

- the establishment of new AMA space;
- better use of existing space for research and innovation; and

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<sup>3</sup> This team is led by Ministry for the Environment and supported by Ministry of Fisheries, Department of Conservation, MED, New Zealand Trade and Enterprise, Te Puni Kokiri, Te Ohu Kaimoana, Local Government New Zealand, and representatives from regional council and industry.

- other regions to support sustainable aquaculture development. Detail on each project is attached as appendix one.
- 18 It is likely that these projects will continue for up to three years, because regional councils and industry are working within the framework of the new aquaculture legislation which is complex and has been previously untested. In addition, challenges to the Environment Court are possible, which could significantly slow progress.
- 19 This initiative is being led by the Aquaculture Implementation Team. Support for this initiative will come from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers].

*Initiative 2: Support tools for AMA planning and management*

- 20 The objective of this initiative is to establish good practices and to reduce the transaction costs, for both regional councils and industry, associated with the creation of new AMAs and the better use of existing space. This initiative will include the development and rollout of support tools by early 2007, including:
- an AMA planning guide and a guide on information requirements for AMA development;
  - a review of the current environmental monitoring practices and options for improvement;
  - a report on the risk management approach to bonds and alternative instruments available<sup>4</sup>;
  - a report on the provisions of the new aquaculture legislation relating to the security of deemed AMAs, their potential impact and other options available to increase security of tenure;
  - a report on how the New Zealand Coastal Policy Statement (NZCPS) could include guidance on aquaculture development, to be used to provide impartial advice into the review of the NZCPS<sup>5</sup>; and
  - engagement with an informal working group of regional council representatives examining the ability of regional councils to use coastal occupation charges.
- 21 This initiative is being led by the Aquaculture Implementation Team. Support for this initiative will come from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers].

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<sup>4</sup> This is in response to industry concern that some councils may impose financial bonds on consents for marine farming activities.

<sup>5</sup> The Minister of Conservation is currently undertaking a review of the New Zealand Coastal Policy Statement (NZCPS).

### *Initiative 3: Contestable aquaculture fund to assist regional councils*

- 22 A major issue for regional councils is the cost of funding the initial information gathering, consultation, and planning work for a new AMA. This needs to be balanced against competing ratepayer priorities. Government will help address this by providing financial assistance to regional councils to encourage them to invest in aquaculture development from 2007/08. The fund will support the following aquaculture planning activities:
- a constraints mapping process to help identify areas not suitable for AMA development;
  - environmental impact studies and assessments of social and economic impacts;
  - other independent planning advice; and
  - the consultation process.
- 23 Cabinet has agreed to provide \$2.000m (excluding GST) for this fund as a multi-year appropriation over five years commencing 2006/07 [CAB Min (06) 44/4 refers].
- 24 The Ministry for the Environment (MfE) will administer the fund and the Aquaculture Chief Executives Steering Group will have responsibility for making final decisions on applications to the fund. Criteria and process details are being developed for approval by the Chief Executives Steering Group in early February 2007. The first invitation for bids will follow soon after.

### **Pillar 2: Improving public support**

- 25 The objective of this pillar is to improve public understanding of aquaculture, including its benefits and risks, so that individuals and communities can make informed decisions about aquaculture development. Public opposition to aquaculture development is recognised as a key issue for both industry and regional councils and is a major constraint on aquaculture planning.
- 26 Government agencies hold a considerable amount of information on aquaculture, and can help coordinate the provision of timely, independent and accurate information on aquaculture.

### *Initiative 4: Improving public support for sustainable aquaculture*

- 27 This initiative will be carried out in partnership with industry and will aim to provide regional decision makers and the public with good, up to date and independent information about the effects and benefits of aquaculture. Public support for aquaculture will be improved using a range of channels and will principally include the following activities:

- development of communication material and other necessary information to support the priority projects and the development of a joint communication plan with the new industry body, New Zealand Aquaculture Ltd;
  - coordination of aquaculture web content (both government and industry); and
  - support for an aquaculture marketing campaign, to be led by industry. This would aim to support events and provide positive information about the benefits of aquaculture and seafood, in particular the health benefits of products, the economic, social and regional benefits, and the environmental benefits from being good environmental stewards.
- 28 The Ministry of Fisheries (MFish) will work with industry to ensure the successful implementation of this initiative. It is expected that government can support this initiative from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers]. Any additional support will be dependent on a strong case being made by industry and satisfactory progress in the implementation of this initiative.

### **Pillar 3: Promoting Māori success**

- 29 The objective of this pillar is to equip Māori with the necessary resources to develop a sustainable aquaculture model that takes into account both development and stewardship issues. This will include actively participating in the AMA planning process and sharing and contributing to the benefits of growth in the sector.
- 30 The aquaculture strategy provides Māori with a number of opportunities to strengthen their existing involvement in aquaculture. Māori are already extensively involved in the aquaculture industry and it is vital to retain, develop, and share their expertise and knowledge.
- 31 The following factors have been identified as critical to the success of this pillar:
- the economic viability of settled AMA space;
  - access to industry and commercial expertise;
  - capability and capacity to participate in RMA processes;
  - an emphasis on iwi working together at a regional level to maximise the benefits of settlement assets;
  - ensuring that the wider environmental concerns of Māori complement Māori commercial aquaculture ventures; and
  - relationship building between iwi, community, industry, regional and central government.

32 The initiatives under this pillar do not directly address the provision of pre-commencement settlement space for Māori<sup>6</sup> but provide a basis on which the provision of settlement space can subsequently be addressed by facilitating ongoing aquaculture development and by laying the foundation for enhanced participation by Māori in aquaculture.

33 Te Puni Kokiri (TPK) will lead the implementation of this pillar.

*Initiative 5: Priority project to encourage Māori involvement in aquaculture*

34 This project was approved by aquaculture ministers in August 2006. It will help Māori to be active participants in the other priority projects in all relevant regions, by providing support for capability building and strategic planning, and by facilitating commercial ventures between Māori and industry. Further detail on this project is included in appendix one.

35 Support for this initiative will come from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers].

*Initiative 6: Enabling programmes to support Māori in aquaculture*

36 This initiative aims to develop a framework to support Māori participation in aquaculture development. This will involve agencies (TPK, MED, New Zealand Trade and Enterprise, and the Foundation for Research, Science and Technology) working together to determine if the following government business assistance programmes and regional development programmes can adequately support aquaculture development or if they require modification:

- Māori Business Facilitation Services - TPK;
- Poutama Trust - TPK;
- Māori Potential Fund - TPK;
- Regional Partnership Programme - New Zealand Trade and Enterprise (NZTE); and
- Technology New Zealand – the Foundation for Research, Science and Technology (FRST).

37 Support for this initiative will come from existing agency baselines.

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<sup>6</sup> Pre-commencement settlement space refers to 20% of marine farming space covered by permits, leases or licenses first issued between 21 September 1992 and 1 January 2005. The Crown can fulfil its 'pre-commencement space' obligations by:

- Allocating to the Maori trustee a further 20% of new space created by council-initiated plan changes; or
- Buying existing aquaculture space for settlement purposes, after 1 January 2008, or
- Providing the trustee with the financial equivalent, after 1 January 2013.

## **Pillar 4: Capitalising on research and innovation**

- 38 The objective of this pillar is to support innovation in aquaculture and generate a higher return on investment from existing and new species, products and production techniques. This will include research to improve the value of existing species and products, but more importantly research relating to new species (e.g. King Fish and Tuna) and products (e.g. nutraceuticals and waste reduction technology).
- 39 The aquaculture strategy recognises that the sector is focused on a small number of species (Greenshell Mussels, King Salmon and Pacific Oysters) and that globally, most aquaculture sectors are built on a small number of species. While a continued focus on these existing species is necessary, it is unlikely to be sufficient to achieve NZD 1 billion in sales by 2025. Greenshell Mussels and Pacific Oysters are relatively low-value species when compared to other species, such as marine fish<sup>7</sup>. The New Zealand aquaculture sector must diversify and improve the market revenue of higher-value species.
- 40 In addition to the initiatives proposed below, officials from MfE and MFish are also investigating options for legislative change to better provide for experimental aquaculture. Under the current law, all experimental aquaculture must be conducted within an existing or new AMA. This process requires plan changes, which are costly and likely to be lengthy in duration. The aquaculture industry see this as a major deterrent to experimental aquaculture.

### *Initiative 7: Priority project on research and innovation*

- 41 This project aims to remove impediments to research and innovation and explore options for new aquaculture species and technologies in both existing and new aquaculture space. Key initiatives include:
- a change to the regional coastal plan for Waikato to allow finfish farming on some selected mussel farms in the region,
  - an investigation into the possibility of a legislative change to better provide for experimental aquaculture; and
  - guidance for councils on how to provide more flexibility to allow for the better use of both existing and new aquaculture space within their regional coastal plans.
- 42 This priority project was approved by aquaculture ministers in August 2006 and is being led by MED in consultation with the Aquaculture Implementation Team. Support for this initiative will come from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers]. Further detail on this project is included in appendix one.

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<sup>7</sup> The value:volume ratio of molluscs is 0.69 compared to 2.95 for marine fish: Global aquaculture production by species (volume and value), 2004; Food and Agriculture Organisation (FAO) Fisheries Department.

*Initiative 8: Support for aquaculture research and development workshops*

- 43 This initiative will help government facilitate one or more aquaculture research and development workshops in 2007 and kick start the development of the aquaculture research and development strategy. New Zealand Aquaculture Ltd will take the lead role in the workshops and the development of the strategy.
- 44 These workshops will bring together the industry, research community, environmental groups, Māori and relevant government agencies to discuss and reach agreement on aquaculture research and development priorities going forward and raise awareness of available funding mechanisms within industry and government. This information will then be used by New Zealand Aquaculture Ltd to develop a whole-of-industry research and development strategy to inform public and private investment decisions on aquaculture research.
- 45 In 2005/06, FRST provided assistance of \$6.437m for specific aquaculture research projects through its Research, Science and Technology (RS&T) portfolios. \$4.000m of this assistance was directed towards shellfish. It is likely that this level of funding will continue for 2006/07 and 2007/08. FRST is also investing \$16.000m in marine environment research in 2006/07.
- 46 Opportunities will exist in 2008/09 to re-prioritise aquaculture research projects towards new species and product development. This will depend on the completion of the aquaculture industry research and development strategy.
- 47 MFish, MED and FRST will lead this initiative. Support for this initiative will come from existing agency baselines.

*Initiative 9: Support for 'transformative' aquaculture cluster development*

- 48 The New Zealand Aquaculture Strategy and the Food and Beverage Taskforce, acknowledged the need for greater collaboration between science, industry and other relevant stakeholders and greater support for the development of collaborative entities, such as clusters, to facilitate this.
- 49 The development of a transformative aquaculture cluster, bringing together industry and researchers in the aquaculture sector, could be a powerful instrument to lift the innovative capacity and international linkages of groups of firms in the sector.
- 50 MED is currently leading a process to develop the tools necessary to better facilitate and align government activity around transformative clusters and firms. This is in response to a concern, from the Minister for Economic Development, that current economic development programmes are too fragmented and dispersed to support transformational economic activity. This process involves bringing together a range of *current* funding streams to focus more clearly on the objectives of business assistance as outlined in the Business Assistance Review [EXG (06) 32 refers], and undertake larger, more targeted interventions.

51 The Minister for Industry and Regional Development has asked MED officials to provide more detailed advice on mechanisms to support larger, more targeted interventions by April 2007, in consultation with the Ministry of Research, Science and Technology, NZTE, FRST, Treasury, the Tertiary Education Commission (TEC) and the Ministry of Agriculture and Forestry. This will be informed by the recommendations agreed to in the Expenditure Review of Business Assistance, particularly those regarding the establishment of priorities for business assistance programmes, and the need for better coordination of policy settings and strategies across government.

#### **Pillar 5: Increasing market revenues**

52 The objective of this pillar is to support the growth (volume and value) of aquaculture exports in new and existing markets with a particular focus on market access and the identification of market opportunities for new species and products. The government, and in particular NZTE, has at its disposal the following resources to support this pillar:

- offshore market knowledge, including consumer trends, distribution channels, product information and competitor analysis by geographical location; and
- access to key contacts and networks in-market.

53 According to the aquaculture strategy, current market revenue is dominated by Greenshell Mussel, King Salmon and Pacific Oysters and the export markets of USA, Japan and Australia. This narrow focus on export species and markets means the New Zealand aquaculture sector is at risk of being undercut by larger commodity producing countries, such as China and Chile.

54 The aquaculture strategy notes there is a need for more market research, stronger international linkages and strategic alliances, wider and deeper market access, investment promotion, and generic sector marketing and branding.

#### *Initiative 10: Supporting a New Zealand aquaculture marketing package*

55 This initiative aims to support an industry-led aquaculture marketing package that will include:

- market research to build on existing strengths and investigate opportunities for new species, products and markets;
- the development of an aquaculture quality mark supported by an internationally recognised audit process;
- the development of a New Zealand aquaculture brand;
- expanded in-market assistance for aquaculture firms; and
- development of an investment strategy including inward and outward investment.

- 56 NZTE will provide initial support in 2006/07 of \$0.050m to help the aquaculture industry identify priority areas for market research and market development. This will plot the roadmap forward for the marketing package. Additional government support for this package will be considered by NZTE, upon receipt of a specific proposal(s) from industry.

### **Supporting mechanisms for the five pillars**

- 57 It is recommended that government commit to the following mechanisms to support the implementation of the five pillars, monitor progress, and ensure an ongoing engagement with industry:
- a continuation of the Aquaculture Ministers Group to ensure a whole-of-government approach to aquaculture. This will continue to include the Minister of Fisheries, Minister of Conservation, Minister of Local Government, Minister of Māori Affairs, Minister for Industry and Regional Development, and Minister for the Environment;
  - a continuation of the Chief Executives Steering Group to provide strategic direction to agencies on aquaculture. Dr John Glaister, Chief Executive of MFish, will continue to chair this group, with additional representation from MED, NZTE, Department of Conservation (DoC), MfE and TPK;
  - assistance with the establishment of industry and government aquaculture forums. The forums will focus on the implementation of the aquaculture strategy and will enable the Chief Executives Steering Group and Aquaculture Ministers Group to discuss progress with industry. The industry will be responsible for leading these forums. It is anticipated that the first forum will be held in early 2007 to coincide with the establishment of New Zealand Aquaculture Ltd and then be held on a half-yearly basis initially;
  - a continuation of the Aquaculture Implementation Team to provide whole-of-government coordination to ensure the successful implementation of the government's response to the aquaculture strategy; and
  - a national aquaculture position statement that articulates government's support for sustainable aquaculture development in response to the aquaculture sector strategy. This is a non-statutory document. A copy of this is attached as appendix two.

### **CONSULTATION**

- 58 The following departments and agencies have been consulted and agree with the recommendations in this paper: MfE, MFish, MED, NZTE, DoC and TPK.
- 59 The following departments and agencies have been informed: Biosecurity New Zealand, FRST, TEC, Treasury and the Department of Labour.

60 The New Zealand Aquaculture Council and Te Ohu Kaimoana<sup>8</sup> were consulted during the development of this proposed government response. Local Government New Zealand was consulted during the development of the national position statement on aquaculture.

#### **FISCAL IMPLICATIONS**

61 There are no direct fiscal implications in this paper.

#### **HUMAN RIGHTS**

62 The recommendations in this paper have no human rights implications.

#### **LEGISLATIVE IMPLICATIONS**

63 The recommendations in this paper have no legislative implications.

#### **REGULATORY IMPACT AND COMPLIANCE COST STATEMENT**

64 The recommendations in this paper have no regulatory impact and impose no compliance costs.

#### **PUBLICITY**

65 MED will prepare, for aquaculture ministers' approval, a publication incorporating:

- the key aspects of the government response to the aquaculture strategy;
- the National Position Statement on Aquaculture;
- case studies and key facts that illustrate innovative, sustainable aquaculture; and
- an introduction from aquaculture ministers.

66 This publication will become the government's principle document for aquaculture. Communications will also include the public release of this Cabinet paper on the internet.

67 The release of the publication is proposed to coincide with the launch of New Zealand Aquaculture Ltd, in Nelson, on 18 April 2007.

#### **RECOMMENDATIONS**

68 It is recommended that the Committee

- 1 **Note** that the New Zealand Aquaculture Strategy was launched on 28 July 2006;

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<sup>8</sup> Te Ohu Kai Moana Trustee Ltd, is the trustee for the Takutai Trust. The Takutai Trust is the Maori Commercial Aquaculture Settlement Trust, established by the Maori Commercial Aquaculture Claims Settlement Act 2004.

- 2 **Note** that this response outlines the initial commitments that government will make, in response to the aquaculture strategy, for the next two to three years;
- 3 **Note** that this response is aligned with the priorities of the industry;
- 4 **Agree** that this response will focus government activity in a few key areas, aimed at:
  - 4.1 implementing the regulatory regime for aquaculture, to encourage investment in the sector; and
  - 4.2 transforming the aquaculture sector into a higher value contributor to the New Zealand economy – this intent is why the aquaculture sector was selected as one of the three priority sectors under the economic transformation agenda<sup>9</sup> [CBC Min (06) 213 refers];

agree/disagree

- 5 **Note** that the government response broadens the focus from the implementation of the aquaculture legislation and the regulatory environment to working with the industry to support its transformation;
- 6 **Agree** to the five proposed pillars (areas of targeted government activity):
  - 6.1 Building confidence to invest: To encourage both regional councils and industry to invest in new aquaculture management areas (AMAs) and support the improved use of existing space;
  - 6.2 Improving public support: To improve public understanding of aquaculture, including its benefits and risks, so that individuals and communities can make informed decisions about aquaculture development;
  - 6.3 Promoting Māori success: To equip Māori with the necessary resources to develop a sustainable aquaculture model that takes into account both development and stewardship issues;
  - 6.4 Capitalising on research and innovation: To support innovation in aquaculture and generate a higher return on investment from existing and new species, products and production techniques; and
  - 6.5 Increasing market revenues: To support the growth (volume and value) of aquaculture exports in new and existing markets with a particular focus on market access and the identification of market opportunities for new species and products;

agree/disagree

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<sup>9</sup> The other two sectors being Food and Beverage and Tourism.

- 7 **Note** that other pillars considered during the development of this response were *environmental sustainability* and *investment in training, education and workforce promotion*. It was agreed that environmental sustainability is pervasive across all five pillars and the industry do not see training, education and workforce promotion as an immediate priority;
- 8 **Note** that the government's response includes a mix of new initiatives and initiatives already being implemented as part of the work programme of the Aquaculture Implementation Team;
- 9 **Note** that the initiatives proposed reflect the need for both immediate progress and the building of strong foundations for the future;
- 10 **Note** that each pillar has several related initiatives and ten key initiatives exist in total;
- 11 **Agree** to the ten initiatives proposed:
- 11.1 Initiative 1: Priority projects to create new AMA space in Northland and Auckland, encourage research and innovation and facilitate regional partnerships;
  - 11.2 Initiative 2: Support tools for AMA planning and management;
  - 11.3 Initiative 3: Contestable aquaculture fund to assist regional councils;
  - 11.4 Initiative 4: Improving public support for sustainable aquaculture;
  - 11.5 Initiative 5: Priority project to encourage Māori involvement in aquaculture;
  - 11.6 Initiative 6: Enabling programmes to support Māori in aquaculture;
  - 11.7 Initiative 7: Priority project on research and innovation;
  - 11.8 Initiative 8: Support for aquaculture research and development workshops;
  - 11.9 Initiative 9: Support for 'transformative' aquaculture cluster development; and
  - 11.10 Initiative 10: Supporting a New Zealand aquaculture marketing package;
- agree/disagree
- 12 **Note** that support for initiatives 1, 2, 4, 5, and 7 will be met from existing agency baselines and the \$0.900m (excluding GST) that Cabinet has agreed to be allocated from the RMA/CMA Contingency Fund in 2006/07 [CAB Min (06) 44/4 refers];

- 13 **Note** that Cabinet has agreed to provide \$2.000m (excluding GST) for initiative 3 (contestable aquaculture fund to assist regional councils ) over five years commencing 2006/07 [CAB Min (06) 44/4 refers];
- 14 **Note** that support for initiative 6 (enabling programmes to support Māori in aquaculture) and initiative 8 (support for aquaculture research and development workshops) will come from within existing agency baselines;
- 15 **Note** that in relation to initiative 9, the Minister for Industry and Regional Development has asked MED officials to provide detailed advice on mechanisms to support larger, more targeted interventions by April 2007, in consultation with the Ministry of Research, Science and Technology, NZTE, FRST, Treasury, TEC and the Ministry of Agriculture and Forestry;
- 16 **Note** that NZTE will provide initial support for initiative 10 in 2006/07 of \$0.050m to help the aquaculture industry identify priority areas for market research and market development. Additional support for this initiative will be considered by NZTE, upon receipt of a specific proposal(s) from industry;
- 17 **Note** that in addition to the five pillars and initiatives, the following activities also have the potential to deliver significant assistance to the aquaculture sector:
- 17.1 the cross-government response to the Food and Beverage Taskforce report being led by MED;
- 17.2 options for a range of tax reductions to encourage business investment in research and development, export market development and enhance skills in the workforce; and
- 17.3 the Market Development Assistance Scheme (MDAS) receiving a one off funding boost of \$33.750m, over and above the appropriation of \$27.107m in 2006/07, for Export Year 2007 [CAB Min 42/9 refers];
- 18 **Agree** that government commit to the following mechanisms to support the implementation of the five pillars, monitor progress, and ensure an ongoing engagement with industry:
- 18.1 a continuation of the Aquaculture Ministers Group;
- 18.2 a continuation of the Chief Executives Steering Group;
- 18.3 assistance with the establishment of industry and government forums on aquaculture;
- 18.4 a continuation of the Aquaculture Implementation Team; and
- 18.5 a national aquaculture position statement;

agree/disagree

- 19 **Note** that MED will prepare, for aquaculture ministers' approval, a publication incorporating the key aspects of the government response to the aquaculture strategy and a national position statement on aquaculture;
- 20 **Note** the release of the publication is proposed to coincide with the launch of New Zealand Aquaculture Ltd, in Nelson, on 18 April 2007.

Trevor Mallard  
Minister for Industry and Regional  
Development

Jim Anderton  
Minister of Fisheries

David Benson Pope  
Minister for the Environment

Chris Carter  
Minister of Conservation

Mark Burton  
Minister of Local Government

Parekura Horomia  
Minister of Māori Affairs

## APPENDIX ONE: SUMMARY OF PRIORITY PROJECTS

### Project One - New AMA space in Northland

The project aims to develop new AMA space in the Northland region. The project will provide a good example for other councils to follow on how the new AMA process could run.

#### Why this project:

- ◆ Industry, Northland Regional Council (NRC), research providers and iwi are all keen on new space in Northland. This includes opportunities for new species (i.e. kingfish).
- ◆ It is the region most advanced in AMA planning and there is potential to establish a new AMA in the next 24 months. The process is likely to generate a number of applications (possibly 25) for new sites and this will increase the chances of at least some applications being successful.
- ◆ It will provide a good example of how the new AMA process should run. New space created exclusively through the new process will improve everyone's confidence in the law and facilitate ongoing AMA development in other regions.
- ◆ It provides a good opportunity to develop strategies for iwi and industry to work together.

#### Main impediments to new space in Northland:

- ◆ Community opposition to aquaculture development in the sheltered harbours of Northland.
- ◆ This is the first time the new AMA process has been run and we must learn as we go.
- ◆ Northland has a low ratepayer base and council capacity may be a problem, particularly around staffing and the ability to afford independent legal advice.
- ◆ A lack of robust information on the economic benefits of aquaculture to the region.

#### Progress of sub-projects

##### Good planning process

- ◆ Since May 2006, departments have worked closely with NRC, industry and other interested parties to develop a robust coastal planning framework for AMA development in Northland. NRC notified the proposed Plan Change 4 (*Policy and regulatory framework for aquaculture*) in October 2006, and public submissions are due by 14 February 2007.
- ◆ NRC will invite private plan changes for aquaculture later in 2007. However, a minor legislative amendment is required to make the invited private plan change process work.

##### Industry capacity

- ◆ Enterprise Northland (the local economic development agency) hosted an industry meeting in early January 2007 to bring parties together to learn about the plan change, think strategically about aquaculture and identify opportunities to work together. The meeting was well attended by industry representatives and NRC provided a well received overview of the planning process. To continue effective discussion, Enterprise Northland offered to support further forums to encourage sustainable aquaculture development in the region.

##### Māori involvement

- ◆ Departments and TOKM are working with six Te Taitokerau (Northland) Iwi chief executives to develop a collective Te Taitokerau Iwi aquaculture strategic plan. Officials are working with these iwi to finalise a funding proposal for the collective aquaculture strategy. Departments have allocated \$150,000 for this strategy and anticipate it will be completed by mid 2007. This project will be used as a pilot for other regions.

### **Regional communications**

- ◆ A communications group has been established to oversee Government's communications on aquaculture. The communications group is reviewing the Government's communications plan to better coordinate the key messages of industry, Government and councils. The review will include the development of a regional communications plan for Northland (and other priority regions).

### **Project two - New AMA space in Auckland**

This project is about facilitating aquaculture development in the Auckland region.

#### **Why this project:**

- ◆ Industry has identified the Firth of Thames as the best location in NZ for development.
- ◆ This is a project where Ministerial assistance will be critical initially in encouraging appropriate development. However, once progress has been made, council has the capacity to complete the exercise and may also have the Northland process example to learn from.

#### **Main impediments to new space in Auckland:**

Auckland Regional Council has the capacity to undertake aquaculture development; it is well funded and has capable staff. Impediments to aquaculture are due to:

- ◆ Community concerns about the impacts of aquaculture on receiving environments, including recreational and natural character conflicts in Auckland's coastal waters.
- ◆ Councillors are cautious about aquaculture due to the concerns of their constituents.
- ◆ A lack of information about the economic benefits of aquaculture to the Auckland region.
- ◆ The application of substantial monetary bonds on all aquaculture sites in the region.

#### **Progress of sub-projects**

- ◆ Ministers met with Auckland regional councillors and staff on 31 January 2007 to discuss progress on aquaculture in the Auckland region. Council agreed to work the officials on options for streamlining and speeding up the planning process for new space; on addressing information gaps; and on options for better use of existing aquaculture space in the region.
- ◆ Departments are working with ARC staff to gather information for constraints mapping and develop a robust planning process for aquaculture development in the Auckland region.

### **Project Three - Capitalising on research & innovation**

This project aims to remove impediments to research and innovation and explore options for new aquaculture species and technologies in both existing and new aquaculture space.##

#### **Why this project:**

- ◆ Better use of existing and new aquaculture space is important to industry achieving its economic potential. This project aims to reduce impediments to research, innovation and new species where appropriate. There are real opportunities to trial new and higher value aquaculture species, including kingfish and the use of polyculture.
- ◆ The coastal marine environment is public domain. Wise and efficient use of the coast will contribute to better coastal management outcomes.

#### **Main impediments to research and innovation:**

- ◆ Industry and research providers believe the time and cost of developing new AMAs hinders short-term research and development trials.
- ◆ Constraints within existing consent conditions and some coastal plans on the species that can be farmed and the methods that can be used.
- ◆ Lack of publicly available information on the environmental effects of new aquaculture species and technologies.

### **Progress of sub-projects**

#### **Explore options for innovation in the Waikato regional coastal plan**

- ◆ Environment Waikato is proposing a variation to their regional coastal plan to allow finfish farming in deemed AMAs. Ministers met with District and Regional Council mayors and chairs in November 2006 and agreed to package of financial support for the RMA process.
- ◆ The consultation for the plan variation will occur in the first half of 2007 and the council intends to notify the plan change by the end of June.

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#### **Flexibility for research and innovation within AMAs**

- ◆ Departments are preparing guidance to councils on options for flexibility within AMAs and consents to provide for alternative species and technologies.

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#### **Information on environmental effects of aquaculture**

- ◆ Departments have contracted an independent review of the existing information on the environmental effects of finfish farming. Reviews of the effects of other species will follow in early 2007. The reviews are to enable the public, council and industry access to accurate information on the effects of farming different species.
- ◆ Departments are scoping the idea of developing environmental standards for finfish farming in New Zealand.

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#### **Experimental aquaculture**

- ◆ Ministers have agreed that officials should explore options for legislative change to make better provisions for experimental aquaculture. This work is ongoing.

### **Project Four - Māori involvement in aquaculture**

This project aims to improve the ability of iwi/hapu to fully participate in the aquaculture industry and planning processes, and to investigate options for settlement AMAs

#### **Why this project:**

- ◆ Māori are important players in aquaculture and their ability to input into AMA planning processes and applications is important. Aquaculture has potential to help regional development of tangata whenua. Crown will be seen to be facilitating options to meet settlement obligations.

#### **Main impediments to Māori involvement in aquaculture:**

- ◆ Relationships between iwi/hapu and regional councils could work more effectively in some regions to achieve better shared outcomes for Māori and the region.
- ◆ Iwi/hapu capacity to input into the RMA process and to develop strategic plans for aquaculture within their rohe is variable and, in some cases, needs improvement.

### **Progress of sub-projects**

#### **Māori ability to input into RMA process**

- ◆ Departments are collating information to assist Māori participate in aquaculture. A road show is planned for February 2007 across the Northern regions. Part of this road show will be about managing expectations, as departments need to ensure Māori are aware aquaculture is a demanding business and careful planning is required to ensure economically viability.
- ◆ A workshop is being held on 12 February 2007 with Māori relationship staff from regional councils, the Seafood industry training organisation (SITO), and department regional offices. The purpose of the workshop is to give relationship officers a basic understanding of the aquaculture industry, RMA planning process and whom iwi should contact from government, councils, industry and research providers for advice and assistance.

### **Māori aquaculture plans**

- ◆ Progress is being made in Northland on a collective Te Taitokerau Iwi aquaculture strategic plan (refer Project Northland). The work being done in Northland is likely to set up processes that other iwi/hapu can adopt.

### **Māori ability to participate in the industry**

- ◆ A successful “Māori in Aquaculture” workshop organised by TOKM was held on 23 and 24 November 2006 in Nelson. Iwi from around the country attended. The workshop explored Iwi experiences and aspirations in aquaculture.
- ◆ In discussion with industry leaders, a resolution was passed that Harry Mikaere (Hauraki Māori Trust Board) would be the interim Iwi representative and a Director on NZ Aquaculture. This position will be reviewed and ratified at the Māori Fisheries Conference in April.

### **Project Five - Regional partnerships**

The project aims to facilitate collaboration between interested parties on the strategic direction of aquaculture planning and development in the regions. The primary mechanism for this project is to establish regional forums to think strategically about aquaculture development.

#### **Why this project:**

- ◆ The development of enduring regional partnerships is identified as a priority in the aquaculture sector strategy. It is important industry, councils and other interested parties begin to plan strategically for aquaculture development in the regions.

#### **Main impediments to regional partnerships:**

- ◆ Councils and industry relationships outside of Marlborough are variable. Parties are often not working together to strategically plan and develop aquaculture.
- ◆ The reform provisions are still relatively new and stakeholders continue to require information and other support to advance strategy development.
- ◆ People currently focus on marine aquaculture without considering opportunities for land based aquaculture.
- ◆ District councils who manage land use and infrastructure and the local economic development agencies have both had little involvement in aquaculture planning to date.

#### **Progress of sub-projects**

##### **Pilot regional forum in the Bay of Plenty**

- ◆ Environment Bay of Plenty hosted the first Regional Aquaculture Forum on 5 December 2006. The forum was opened by the Minister for Economic Development.
- ◆ The forum was successful in cementing ongoing partnerships in the region. EBOP are intending to facilitate ongoing meetings with a subset of interested forum participants.
- ◆ The Ministry of Fisheries recently made a final decision to approve a 3,800 ha mussel farm 6 miles offshore of Opotiki. This is the region’s most expansive marine farming site. The applicants and the Council are interested in options for innovative use of the space, such as varying the consent conditions to enable alternative species to be farmed.
- ◆ Council is looking to prepare a bid to the contestable fund to partner with Government on aquaculture initiatives.
- ◆ Departments are investigating with Environment Waikato the possibility of a second regional aquaculture forum in the Waikato region in 2007.