

ELECTRONIC PROVISION OF CATCH EFFORT RETURNS – DISCUSSION DOCUMENT

Executive Summary

- 1 The primary purpose of this document is to obtain stakeholders' views on aspects of a system whereby catch effort returns may be provided electronically. The Ministry of Fisheries (MFish) recognises the advantages that electronic provision of returns is likely to provide. MFish believes that implementing a system that meets the objectives of MFish and Industry will be mutually beneficial and will maximise opportunities to both parties.
- 2 MFish is aware there is support within the fishing industry for this option to be made available and is satisfied that the appropriate technological solutions now exist to enable such a system to be put in place by the targeted implementation date. MFish proposes enabling permit holders to electronically complete and provide all effort and landing returns from 1 July 2009, although this will depend on systems being operational by that date.
- 3 At present around 170,000 catch effort returns are received annually by FishServe. MFish and FishServe believe that allowing fishers to complete and provide those returns electronically has the potential to:
 - Result in cost savings to FishServe, which would be passed on to Industry, as electronic returns will not need to be scanned and subjected to the manual data entry process;
 - Benefit fishery participants by reducing the time needed to comply with reporting obligations;
 - Produce better quality and more consistent information through reduced data entry and handwriting interpretation errors;
 - Reduce the number of send-backs, as information will only be able to be entered in the correct format. This in turn will add to the likely cost savings;
 - Aid in-season management decisions as better quality information will be available to managers earlier than under the current paper-based system;
 - Benefit the MFish compliance business group as more timely receipt of information will assist with MFish's risk management approach.
- 4 Prior to releasing an Initial Position Paper (IPP) in which proposals for specific regulatory amendments will be detailed, MFish wishes to obtain an indication of stakeholder preferences for key aspects of an electronic regime. Specifically, MFish seeks stakeholder views on:

- Support for the overall concept of permit holders being able to complete and provide catch effort returns electronically;
 - Amending the timeframes for provision of electronic returns containing effort information, as MFish believes there is a valid argument that these could be provided earlier than the current timeframes that apply to paper returns;
 - Whether electronic provision of catch effort returns should become mandatory for some or all permit holders at some point in the future. Additionally, MFish seeks stakeholder views on whether MFish should have the ability to require certain vessels or classes of vessels to provide catch effort returns electronically when the electronic option becomes available.
- 5 MFish also seeks stakeholder views on amending certain aspects of the catch effort cost recovery regime. MFish invites submissions on two possible alternatives to the status quo:
- i) MFish's cost recovery model could be amended so that the budgeted cost of administering catch effort is separated from the overall registry services cost. If the catch effort administration costs reduced there would be a corresponding reduction in cost recovery levies;
 - ii) The amount MFish pays FishServe to run catch effort would be fixed at current levels. If the actual cost were less than the fixed cost, FishServe's board would have the ability to decide how the difference would be redistributed. For example, those permit holders who have used the electronic catch effort option could receive a credit note or other form of credit.

Scope of electronic reporting option

- 6 MFish is not proposing to change either the information currently collected on existing paper returns or the timeframes by which those returns are required to be *completed* under the existing regulations.
- 7 Under an electronic regime a permit holder would be required to be registered prior to being able to complete and provide catch effort returns electronically. Registration would also involve nominating authorised persons e.g. a permit holder might nominate the skipper of their vessel to be an authorised person. Only authorised persons will be able to sign off electronic returns and the vessel will be required to retain a copy of all returns that were electronically signed on the vessel.
- 8 Once a permit holder and authorised persons have been registered an approved software package will need to be installed on the vessel's computer. The tools necessary for an authorised person to electronically sign returns will be provided at the same time. A vessel at sea will be able to send a return either directly to FishServe or to FishServe via the permit holder or authorised person on land. This must be done within the required timeframe however and the return will still be required to be completed electronically at sea using an approved software package.
- 9 Once a return has been electronically signed, amendments will still be able to be made to that return up until the time that it is provided to FishServe. If amendments have

been made the return will have to be re-signed and a record of all changes made will be included with the return when it is provided to FishServe. If the permit holder or authorised person wishes to make a change to a return after it has been provided to FishServe a new return will need to be created. Where FishServe discovers a mistake in a return, sendbacks will be done on a paper basis i.e. a copy of the electronic return will be printed and posted to the permit holder.

- 10 MFish is not currently proposing an option where permit holders can complete returns by logging on to the internet; return completion must be done using an approved software package. All permit holders will be able to apply for registration to use the electronic option, providing that they can meet all existing requirements relating to completing returns and carrying return books. File upload¹ will be able to be undertaken from any location, provided that the timeframes for providing a return to FishServe are met.
- 11 Appendix one contains a brief summary of how MFish and FishServe see an electronic catch effort regime operating.

Purpose of discussion document

- 12 The purpose of this document is to obtain stakeholder views on aspects of a possible electronic catch effort reporting regime.
- 13 MFish recognises that the primary benefit of amending the reporting regime to enable catch effort returns to be supplied electronically is a likely reduction in the costs associated with administering the catch effort system. There would also be additional benefits to both MFish and Industry although the degree of benefit to MFish depends on how aspects of the process are implemented.
- 14 Under the assumption that the option of electronically providing catch effort returns becomes available use of this option will, at least in the interim, be voluntary. Because of this MFish is cognisant of the fact that stakeholder support is desirable.
- 15 Once stakeholder preferences have been ascertained MFish will release an Initial Position Paper (IPP) for consultation in which specific legislative amendments will be detailed. This document is the first step in determining the options that will be contained in the IPP.

Background

- 16 Under the Fisheries (Reporting Regulations) 2001 (the reporting regulations) permit holders are required to complete and provide catch and effort returns. Details of fishing activity and amounts of fish landed together with general product flow information are reported on these returns. There are currently 12² different catch effort

¹ File upload is the means by which a return that has been completed using approved software is sent to FishServe

² i) Catch, effort and landing returns, ii) Catch landing returns, iii) Freshwater eel catch effort returns, iv) Freshwater eel catch landing returns, v) Paua catch effort landing returns, vi) Trawl catch, effort, and processing returns, vii) Lining catch effort return, viii) Netting catch effort landing returns, ix) Lining trip catch effort return, x) Trawl catch effort return, xi) Squid jigging catch effort returns, xii) Tuna longlining catch effort returns.

returns specified in the regulations and a 13th, the Non-fish and protected species catch return, will be required to be completed from 1 October 2008. Additionally there are 5 separate High Seas fishing returns³ although completion of these returns is controlled through High Seas permit conditions rather than the reporting regulations.

- 17 Permit holders must complete all returns manually before posting the completed returns to FishServe, who then scan each return and enter the data manually into MFish's catch effort database.
- 18 MFish wishes to provide fishers with the ability to complete and provide all types of catch effort returns, including High Seas returns, electronically. MFish has been investigating electronic provision of catch effort returns since 2001. It is only now that MFish believes technology has reached a point where it is a viable option to consider when combined with supporting procedures and appropriate legislative amendments.
- 19 The process has gained impetus in the last 12 months and FishServe, on behalf of Industry stakeholders, has obtained MFish agreement that an amended catch effort regime should be implemented in 2009. MFish has agreed to commit resources to the process with a targeted implementation date of 2009.

Summary of options on which stakeholder views are sought

1 – The concept of completing and providing catch effort returns electronically

- 20 MFish is seeking an indication of the level of support from stakeholders for the ability to complete and provide catch effort returns electronically.
- 21 The project has significant cost implications for both MFish and FishServe (and therefore Industry). MFish believes that there is little value in devoting time and resources into putting in place a regime that is not supported by Industry and is not of benefit to both MFish and Industry.

2 – Amendments to timeframes for providing electronic returns that contain effort information

- 22 The reporting regulations currently require completion of returns on a daily basis as well as completion during the day of certain fields on each return. MFish does not propose any changes to completion requirements for any electronic returns.
- 23 Despite the requirement for daily completion, paper returns clearly cannot be posted to FishServe from a vessel at sea. All catch effort returns are therefore not required to be provided to FishServe until either 15 days after the last day of a fishing trip or 15 days after the last day of the calendar month in which the fishing took place. High Seas returns are required to be provided no later than 7 days after the last day of a trip.

³ i) High seas catch effort and landing return, ii) High seas trawl catch effort return, iii) High seas tuna longlining catch effort return, iv) High seas squid jigging catch, effort return, v) High seas lining catch, effort return.

- 24 The reason for allowing a period of time after the end of a trip to provide returns is to allow licensed fish receivers (LFRs) sufficient time to weigh the landed fish and supply this information back to the fisher so that the fisher can complete the relevant landing information. Some returns (e.g. Catch, effort and landing returns (CELR), Paua catch effort landing returns (PCELR) and Netting catch effort landing returns (NCELR)) contain both effort and landing information, however in most cases effort and landing information are provided on separate returns. Because of this, most effort returns for a trip could be posted to FishServe as soon as the vessel arrives back in port as they will have already been completed earlier in the trip i.e. there is no need to wait for the corresponding landing information to be completed before providing all returns for a trip.
- 25 At this time MFish believes there is no need to consider amending the timeframes by which any landing information must be completed and provided, as LFRs will still need time to weigh fish and supply that information back to fishers. Despite this MFish welcomes any suggestions about whether it would realistic to expect that electronic landing returns could be provided to FishServe earlier than the timeframe currently applying to paper returns.
- 26 MFish does believe however that there is a valid argument to consider amending the timeframes for providing electronic returns that contain effort information. MFish sees no reason why the status quo in terms of timeframes for providing electronic returns containing effort information should be maintained. The practical and technological impediments no longer exist to justify a delay between completion of returns and sending them to FishServe, and for FishServe to then provide the information to MFish.
- 27 Options for timeframes for providing electronic effort returns could include:
- The status quo;
 - Returns to be provided upon completion i.e. on a daily basis; or
 - Some time between the two
- 28 Because of the existing requirement for all effort information to be completed on a daily basis MFish believes that a requirement to then provide electronic effort returns to FishServe upon completion would not be onerous and would provide benefits to both MFish and Industry.
- 29 Receiving effort information on a daily basis is likely to provide the following management benefits:
- Receiving more real-time information would assist with monitoring the sub-QMA catch-splitting arrangements in the hoki and orange roughy fisheries;
 - It would provide additional information upon which to base in-season TAC increases. Currently this is only really applicable to the squid fishery; however the Minister of Fisheries recently requested that MFish develop decision rules to provide flexibility to increase the TAC when red cod and flatfish stocks become more abundant in the future;

- Receiving non-fish and protected species information while a vessel is still at sea would enable MFish to more effectively monitor marine mammal capture rates against assumed catch rates. It would allow MFish to monitor and react to capture events on vessels without observers instead of having to wait until the end of a trip when vessel operator lodges then return. It also has the potential to streamline the existing marine mammal catch reporting arrangements between vessels, Commercial Stakeholder Organisations and MFish.
- 30 MFish has limited information regarding the cost of providing returns to FishServe from a vessel at sea. If providing returns on a daily basis while at sea proves inordinately expensive or impractical, an alternative option could be for effort returns to be provided electronically to FishServe once a vessel arrives back in port.
- 31 MFish seeks stakeholders' views on whether:
- i) You think the existing timeframes relating to providing returns should be retained for effort returns that are completed electronically;
 - ii) You would support a requirement for daily provision of electronic returns containing effort information. If not, why not?
 - iii) You would, alternatively, support a proposal for electronic returns containing effort information to be provided to FishServe some time between the status quo and daily reporting. What do you think would be an appropriate time?
 - iv) You are aware of any issues relating to information being provided to FishServe on a daily basis. For example, would there be significant costs associated with providing returns from a vessel at sea?

3 – Making electronic provision of catch effort returns mandatory

- 32 As stated earlier, use of the electronic option, once it becomes available, will be voluntary at least in the interim. Any vessel that is capable of carrying a computer on board may be able to elect to use the electronic reporting option. It is clear however, that the higher the proportion of returns received electronically the greater the benefits to both Industry and MFish.
- 33 Feedback from this discussion paper will provide some indication of the level of support for an electronic reporting option. However because the level of uptake is impossible to predict MFish believes that introducing a requirement for use of the electronic option to be mandatory may be necessary in order to guarantee that a certain proportion of returns are received electronically.
- 34 Options with regard to mandatory use of electronic reporting could include:
- Use would be voluntary for all permit holders;
 - Use would become mandatory for all permit holders at some point in the future e.g. 1 October 2013; or
 - Mandatory use would be phased in over time.

- 35 One option to consider is for use of electronic reporting to remain voluntary. However MFish believes that the lack of certainty regarding uptake resulting from this option is undesirable.
- 36 The greatest benefits to both Industry and MFish would be achieved if all use of electronic reporting was mandatory and all returns were received electronically. There would be no need to maintain facilities for scanning and manually entering the data on paper returns, which, in turn, would achieve the greatest cost savings. The level of data quality would be maximised and regardless of any decision regarding timeframes for providing returns all data would be available for analysis earlier than under the current system where it can take up to 15 days for data to be entered.
- 37 Receiving information earlier, together with being able to confirm when a return was completed, will assist MFish's Compliance business unit in improving compliance monitoring and risk assessment. This may mean more effective compliance checks compared to the current approach. More effective monitoring may actually reduce the overall compliance costs for Industry. The mandatory use of electronic catch effort reporting is also likely to assist in deterring some forms of at-sea offending.
- 38 MFish is aware that in addition to catch effort obligations permit holders may for example: collect additional data for CSO research programmes; report to MFish to satisfy other reporting arrangements; and provide information back the company office or SeaFIC. MFish believes that establishing an electronic platform that can perform all data collection and reporting requirements would streamline existing processes and would save time by avoiding duplication of information. MFish seeks stakeholder views on the practicalities of requiring all permit holders to report electronically.
- 39 As an alternative to the mandatory use of electronic catch effort reporting by all permit holders a phased approach could be considered. Such an approach, if implemented, would be developed in consultation with Industry. MFish seeks your views on whether you believe a phased approach to making electronic reporting mandatory would be better.
- 40 Considerations that could be taken into account in determining which permit holders could be required to use electronic reporting under this approach could include:
- Vessel size. For example, vessels over 28m are likely to have computers on board already and should be able to easily comply with a requirement to use electronic reporting;
 - Class. There may be advantages in, for example, all foreign charter vessels or High Seas permit holders using the electronic option;
 - The type of catch effort return being completed. For example Trawl, catch, effort and processing returns are required to be completed by vessels over 28m;
 - The fishery. For some target fisheries it may be practical for all vessels to use electronic catch effort reporting. An example could be the southern blue whiting fishery. For other fisheries such as the hoki fishery there may be advantages if all vessels reported electronically.

41 Regardless of the degree to which electronic reporting may become mandatory at some point in the future, there would be advantages in the MFish chief executive having the ability to require specific vessels or classes of vessels to complete and provide catch effort returns electronically once that option were available. For example, there may be advantages in requiring all foreign charter vessels to provide returns electronically. MFish requests your views on whether the chief executive should have this ability.

4 – Amending aspects of the catch effort cost recovery regime

42 MFish anticipates that the costs of administering catch effort should decrease after the introduction of the electronic reporting option if there is sufficient uptake. Because of this there should be a mechanism in place that recognises the reduced costs.

43 The Fisheries (Cost Recovery) Rules 2001 state that all ‘quota and commercial fishing administration and registry services, including access and introducing species into the QMS’ (termed “registry services”), of which catch effort is a component, are fully cost recovered. That is, 100% of the costs are to be borne by Industry. If some of those costs are reduced as a result of electronic catch effort, Industry should benefit from that reduction.

44 MFish notes that it has to operate within the existing framework in respect of catch effort cost recovery. It is not possible to alter funding arrangements so that costs of administering catch effort are recovered in the same way that costs of administering the provision of monthly harvest returns (MHR) and licensed fish receiver returns (LFRR) are recovered. In those cases the responsibility for their collection and receipt has been devolved to FishServe who charge a levy for each MHR or LFRR it receives.

45 It is not possible for a similar transaction fee-based system to be introduced for catch effort returns. MFish believes that it would be impractical and expensive, and would result in a significant transfer of costs from quota holders to permit holders. The costs of administering catch effort will therefore continue to be borne by quota holders via cost recovery levies.

46 Of the approximately \$33m to be recovered from Industry during the 2008/09 financial year, around \$5m of that is currently levied from quota holders specifically to cover registry services. MFish proposes two mechanisms that would allow Industry to benefit from any reduction in catch effort administration costs.

Option 1

47 Although the components that make up registry services are identified, the current levy model does not itemise the \$5m recovered for the various components of registry services. MFish proposes that if the costs of catch effort were clearly identified, which does not currently happen, the total amount recovered for registry services would reduce if the costs of administering catch effort reduced.

48 Under this option quota holders would continue to pay levies for all registry services including catch effort administration. Quota holders would therefore be the stakeholders who would benefit from reduced levies if the cost of administering catch effort reduced as a result of the introduction of the electronic option. For those

stakeholders who are both permit holders (fishers) and quota holders there would clearly be an incentive to switch to the electronic option.

Option 2

- 49 Most registry services are performed by FishServe either under contract to MFish or by way of devolved arrangements. MFish pays FishServe to perform the contracted services, which comprise the majority of the overall cost of registry services. For the current fishing year MFish has agreed to pay FishServe \$3.5m to perform QMS registry services of which \$2.2m is earmarked for catch effort administration costs.
- 50 Under this option MFish would continue to pay FishServe \$2.2m per annum to run catch effort. At the end of every year FishServe would make an assessment of the actual cost of running catch effort. If the actual cost was less than the amount received from MFish the difference would be credited. Any decision on how to give effect to such a credit would be made by FishServe's board. MFish would have no involvement with this process. FishServe has indicated that, for example, those permit holders who had used the electronic reporting option would receive a credit note based on how many returns they had submitted during that year. MFish considers this option would create an incentive for permit holders to use the electronic catch effort option.
- 51 MFish seeks your views on the subject of cost recovery. Do you:
- i) Support the *status quo*? Quota owners will continue to pay levies for all registry services including catch effort. The actual cost of catch effort services will continue to not be itemised. Registry-based levies will be reduced if this proposal results in reduced costs;
 - ii) Support *option one*? The budgeted cost of catch effort administration would be itemised for cost recovery purposes. If actual costs reduced as a result of electronic catch effort the amount that needed to be recovered in the following year would be reduced. Under this option quota owners would benefit through reduced cost recovery levies;
 - iii) Support *option two*? Under this option MFish would continue to pay FishServe \$2.2m annually to perform catch effort services. However if the actual cost of running catch effort was less than \$2.2m as a result of savings resulting from electronic catch effort, the difference would be able to be refunded. Using standard company rules FishServe's board would be able to refund the difference to whichever classes of stakeholders it thought should benefit from that refund. Such decisions would be made completely independently from MFish. MFish considers that if the refund was made to permit holders using electronic catch effort, this would provide an incentive for permit holders to use the electronic option.

Submissions

- 52 MFish welcomes views on the options discussed in this paper. MFish is happy to receive your views in any format. However to assist with the subsequent analysis MFish would appreciate it if you could complete the attached questionnaire and post, email or fax it to:

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PO Box 1020
Wellington 6140

Fax 04 819 4208
Email: tracey.steel@fish.govt.nz

- 53 The deadline for views to be received is **Friday 19 September 2008**.

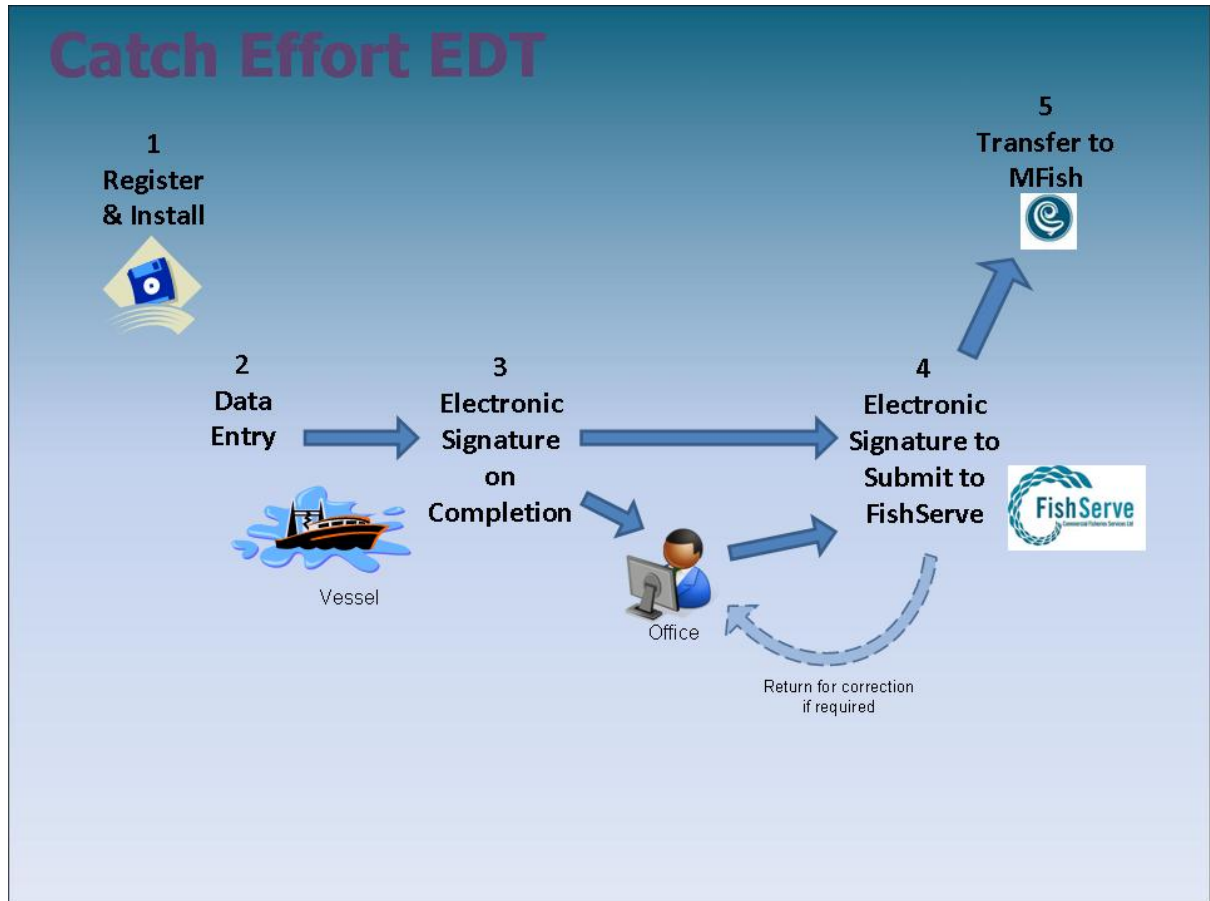
- 54 If you have any questions relating to this discussion document please contact:

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- 55 MFish is also happy to attend any meetings should you wish to discuss topics covered in this discussion document in further detail.

Appendix 1 – Overview of how Catch Effort EDT (Electronic Data Transfer) would operate



VIEWS ON OPTIONS RELATING TO ELECTRONIC PROVISION OF CATCH EFFORT RETURNS

NAME: _____

Support for ability to provide returns electronically

1 - Do you support the overall concept of fishing permit holders having the ability to provide catch effort returns using electronic means?

_____ Yes _____ No

2 - If you responded 'Yes' to question 1, would you be likely to provide catch effort returns electronically if that option were available?

_____ Yes _____ No

Amendments to timeframes for providing electronic returns containing effort information

3 - With regard to the timeframes for providing electronic returns containing effort information, would you be in favour of:

(Please tick the option you prefer)

_____ i) Status quo - the existing timeframes for providing returns should apply regardless of how a return is provided.

_____ ii) A requirement for completed effort returns to be provided to FishServe on a daily basis.

_____ iii) An alternative option for electronic returns to be provided between the status quo and daily provision. What is your suggestion? (Please indicate below)

4 – Why is your response to question 3 your preferred option?

5 – Are you aware of any technical issues that may affect the ability of vessels or permit holders to provide effort returns to FishServe on a daily basis?

_____Yes _____No

6 – If you responded ‘Yes’ to question 5 what are the issues you are aware of?

Making electronic provision of catch effort returns mandatory

7 – In terms of the mandatory use of the electronic catch effort reporting option do you support:

(Please tick the option the option you prefer)

_____ i) Use of the electronic reporting option being **voluntary**?

_____ ii) Use of the electronic reporting option being **mandatory** for all permit holders at some point in the future e.g. 2013?

_____ iii) A phased approach where mandatory use of electronic reporting was introduced for certain permit holders or vessels over time? Such an approach would be developed in consultation with Industry.

8 – Why is your response to question 7 your preferred option?

9 – In the interim do you support the chief executive having the ability to require certain vessels or classes of vessels, for example foreign charter vessels, to provide catch effort returns electronically?

_____ Yes

_____ No

Amending aspects of catch effort cost recovery

10 – The costs of administering catch effort are currently recovered by way of cost recovery levies imposed on quota owners. MFish considers that the status quo does not provide sufficient incentive for fishers to use an electronic option. Because of this would you support:

- The **status quo**;
- **Option one** – as part of the cost recovery process the budgeted cost of catch effort administration would be specified as part of the overall registry services. If budgeted costs reduced the amount needing to be levied from quota holders in the following year would be reduced accordingly i.e. quota holders would benefit from any reduction in costs resulting from electronic catch effort; or
- **Option two** – MFish would continue to pay FishServe a fixed sum (currently \$2.2m per annum) for catch effort services. If the actual costs were less than this the FishServe board would be able to authorise a targeted refund to the stakeholders of the board’s choice, for example those permit holders who had used the electronic catch effort option.

_____Support **status quo** _____Support **option one** _____Support **option two**

Other comments

Do you have any other comments or suggestions regarding possible options relating to an electronic catch effort regime? (*Continue on next page if necessary*)

Other comments (continued)

Thank you for taking the time to provide your views.

Please return this section to:

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