Study of industry that calls itself "world leader" finds that vessels illegally discard a third of their catch

Biologists Liz Slooten and Steve Dawson crisscross southern New Zealand’s scenic Akaroa Bay looking for the world’s smallest dolphins until Slooten spots a stopped 30-foot motor catamaran. We approach gingerly and find a dozen tourists in the water wearing wetsuits. The grey and black dolphins, no bigger than an 8-year-old child, are checking them out, their characteristic round dorsal fins slicing up through the water as they come up to breathe every two minutes. The tourists watch in hushed silence. Dawson photographs the dolphins to identify them later.

Hector’s dolphins, unique to New Zealand’s shallow coastal waters, are friendly to humans, enjoy sex outside of reproduction and almost never fight. A subspecies called Maui’s dolphin has only 50 to 60 adults left thinly spread over 400 miles off the western coast of the North Island.
These Hector’s dolphins, unique to New Zealand’s shallow coastal waters, are friendly to humans, enjoy sex outside of reproduction and almost never fight, explains Slooten with a tender smile. Like Dawson, she is a professor at the University of Otago, in Dunedin, near the southern tip of New Zealand. The couple has been studying these dolphins for the past 32 years, during which they have seen their numbers plummet as thousands upon thousands drowned after getting caught in gill nets and towed trawl nets used by fishermen. Though their use is legal, these kinds of nets trap and kill, in addition to marine mammals and turtles, many more fish than the fishermen can sell.

“We’ve seen the species fragmenting into smaller and smaller isolated populations,” says Slooten.

One of these, a subspecies called Maui’s dolphin that’s been separated from the rest for 16,000 years, has only 50 to 60 adults thinly spread over 400 miles off the western coast of the North Island, down from 2,000 individuals in 1970. It has become the world’s rarest dolphin. “It’s heartbreaking because it’s so easily avoidable,” Slooten says. The rest of the population, a slightly larger sub-species known as Hector’s dolphins, has fallen from a probable 50,000 to an estimated 10,000.

Since 2012, the International Whaling Commission, along with the International Union for the Conservation of Nature (IUCN), dozens of nonprofits and the country’s opposition parties have been calling on the New Zealand government to ban all nets in the Maui’s habitat. The US has listed the Maui dolphin as critically endangered and the Hector dolphin as threatened. But so far, the New Zealand government has only banned nets in a tiny fraction of the Maui dolphins’ habitats.

Last year, the US imported 470 tons of New Zealand snapper, some of it from the Maui dolphin habitat, but where it is retailed is not publicly available information, says Gib Brogan, fisheries campaign manager for Oceana, a nonprofit devoted to clean seas and sustainable fishing. And while fish must be identified by country, there is no “requirement to provide consumers with more information about their seafood such as the gear it was caught with or the region it was fished in,” he says.

WWF calls the Maui’s situation a “conservation emergency.” Greenpeace NZ head Russel Norman, a former Green Party co-leader and member of parliament, says saving the Maui dolphin could be done by spending NZ$20
million (US$ 15 million) to help the fishermen switch to different fishing gear. “It would be a popular move, the polls show that,” he says.

Labour Party MP Ruth Dyson agrees. “It would be a win-win for everyone,” she says. “You protect an endemic species and you ensure a healthy, sustainable fishery.” Just last year, the government spent NZ$3.9 million (US$2.81 million) to eradicate mice from remote and uninhabited Antipodes Island.

But ending net fishing in the Maui dolphin’s habitat would financially impact the main player there, Sanford Ltd. The company is the country’s biggest and oldest fishing concern, and in the Maui dolphin zone, it owns 60 percent of the quota for snapper, the most valuable catch, taken mostly by bottom trawlers. Sanford’s main shareholder and former chairman, Peter Goodfellow, is president of the conservative National Party, which has been in power for eight years. He declined two requests to be interviewed.

Photo courtesy of DOC, New Zealand

In the past three decades the dolphins’ numbers have plummeted as thousands upon thousands drowned after getting caught in gill nets and towed trawl nets used by fishermen.
“You have to wonder if the government would do the right thing if the links between Sanford and the party weren’t so close,” says Slooten, the biologist.

Nathan Guy, the minister responsible for fisheries, also declined to be interviewed for this article. But through a spokesman, he sent a statement insisting that existing protection measures, which ban all nets in 5 percent of the Maui’s habitat and gill nets in another 14 percent, are adequate. “We’re on the right track,” the statement said.

Guy’s reluctance to extend the ban to the entire habitat comes as no surprise to academics who have probed the quota system, the foundation of New Zealand’s claim to be “an acknowledged world leader in the management of fisheries.”

Created by both industry and government in 1986, the country’s fisheries management structure is built on the neoliberal belief that a resource will be better managed by its owner than by government regulators. The government initially gave fishermen quotas — the right to fish a certain amount of a certain fish in a certain place — for the species they were already fishing. But it allowed the quota owners to hire other people to fish their quota and to sell them to anyone. The result is that today, most quotas are owned by large corporations that make a profit simply by hiring independent fishermen to catch their quotas and paying them less than the value of the fish they bring in. Some academic studies have found the system encourages wastefulness and profits corporations at the expense of consumers and independent fishermen. The quota system was initially designed in the 1980s at the University of British Columbia and has been applied to many fisheries in Iceland, but New Zealand is the only country to have adopted it for all 638 of its stocks of fish.

In an interview in his office by Auckland’s waterfront, I ask Sanford’s CEO, Volker Kuntczsh, why the company, which owns just under a quarter of the whole country’s fishing quotas, doesn’t simply stop fishing with nets in the dolphin’s habitat and justify its name, “The Home of Sustainable Seafood.”

“There’s quite a lot of fish coming out of that area,” he replies. “Our board wouldn’t be happy” if the existing fishing stopped. But, he adds, “We do suffer from a bad reputation here,” and … “we want to prove that we’re really serious” about saving the Maui dolphin.
So instead, he explains, Sanford has pledged to find a dolphin-safe trawl net by 2022 and to continue trawling with its vessels in the Maui habitat until then. The company, which also buys net-caught fish from five vessels in the Maui dolphin habitat, will stop doing so starting in March. It will also no longer allow fish caught by gillnets in the Maui dolphin habitat to be sold in its auction house.

Sanford’s measures have drawn praise from government officials. “There are already extensive fishing protections over a large part of the Maui dolphin distribution, and these new steps will provide even greater reassurance and protection,” says Guy, the minister for fisheries, in a press release.

But many scientists and conservationists remain unconvinced about the effectiveness of these measures. “I don’t see much benefit for the dolphin in the Sanford plan,” says Slooten, the dolphin biologist. Even if a dolphin-safe [trawl net] is invented by 2022, she says, “There may be very few Maui dolphins left.”

Slooten notes that the last three surveys conducted for the government by Auckland University came up with estimates of 69, 55, and 63 adults, with a 68 percent probability that the population is continuing to decline. “The smaller the population, the harder it is to count,” she says. She cites the case of the baiji, a dolphin endemic to the Yangtze River that the Chinese government tried too late to save. By 1999, scientists reported, “uncontrolled and unselective fishing” had reduced the population to an estimated 13 individuals. A survey in 2006 found none and the baiji became the first human-caused extinction of a cetacean species.

In Mexico’s Gulf of California, the government is fighting an illegal fishery for the totoaba fish, whose swim bladder is prize by the Chinese. The vaquita porpoises also drown in the nets, and last year the population was halved from 60 to about 30.
A 2016 survey found that licensed fishing vessels in New Zealand were illegally discarding 38 percent of their catch (more than four times the global discard average), and then systematically filing false catch reports while government regulators looked the other way.

Until last year, criticism of New Zealand’s fisheries industry was muted by the widespread perception that it lived up to the “world-leading” and “clean and green” image vigorously promoted by the government. Indeed, a 2009 study based on the official catch statistics of 53 countries ranked New Zealand first in sustainability. “On paper, they looked great,” said Daniel Pauly of the University of British Columbia, a co-author of that study. “They scored better than anyone on the key stuff, like respecting their catch quotas.” Quotas, based on population estimates often derived solely from catch reports, are limits set by scientists to prevent overfishing, which reduces fish populations and lowers the annual yield of catchable fish.

Pauly, who is the world’s most quoted fisheries scientist, also directed a global survey to determine just how accurate were those national catch statistics, which are curated by the UN’s Food and Agriculture Organization in Rome and form the bedrock of international fisheries policy. The survey, published in January 2016, found that the global seafood catch from 1950 to 2010 was a third higher than what countries had reported to the FAO. The difference came mainly from artisanal catches in poor countries, which their governments didn’t bother counting.

But for the New Zealand chapter of the study, published in May 2016, a team of researchers from the universities of Auckland, Oxford, and British Columbia uncovered a level of organized deceit that Pauly says is
unparalleled: Over 60 years, the average real catch was an eye-popping 2.7 times bigger than what was reported (Since 1986, the catch was 2.1 times the amount reported, or double). Currently, the estimate is that about a third of the catch in New Zealand is unreported. Most of the hidden part comes from fully-licensed commercial vessels illegally discarding 38 percent of their catch (that’s more than four times the global discard average), and then systematically filing false catch reports while government regulators looked the other way, the report found.

“Turns out that what they were really, really good at is lying,” Pauly says. “Spain used to cover up the illegal fishing their ships were doing in other countries and the Soviets lied about their big whale catch. But what the New Zealanders did is in a class of its own, not only by the sheer size of their discards but because for decades they went to fishing conference saying their quota system was the best in the world — and most people believed them, of course.”

Slooten, the dolphin biologist, says under-reporting of dolphin killings is even worse, on the order of 20 to 1. Between 2000 and 2006, for instance, the National Institute of Water and Atmosphere estimated the mortality of Maui and Hector’s dolphins at between 770 and 1050 a year. Yet the NZ government informed the whaling commission that only 48 dolphins were reported to have died in nets. A ministry document shows that only 2 percent of the fishing days in the Maui’s habitat had observers. “There are no incentives for the fishermen to report these deaths and lots not to, so it’s not surprising very few are reported,” Slooten says.

Glenn Simmons, the lead author of the New Zealand catch study on which Pauly is also co-author, says that the pressure to discard less valuable fish was baked into quota-based fisheries model adopted by the industry and its regulators in 1986. In theory, the quota owner would choose the most profitable — therefore efficient — way to fish a given stock of fish. In practice, trawling and gillnetting, which bring in the most fish at the least cost, are indiscriminate; the trawler pulls a sock-like net over the bottom, where most fish are found, while the netter places a curtain-like invisible net that entangles everything bigger than its mesh.

Whatever species a fisherman has a quota for, he still would end up with many fish that were either of low value or for which he had no quota, Simmons explained. The law requires the fishermen bring all of these in, then fines the fishermen for killing valuable fish for which they have no quota. Caused between the low purchase prices offered by the quota owners
and a law that penalizes honesty, many fishermen illegally toss them overboard so they can fill their holds only with more valuable fish for which they have a quota. Thus they file catch reports that suggest jaw-dropping efficiency, according to multiple studies.

Simmons says the catch study he led drew not only from official records but also from several hundred interviews of fishermen and over 200 reports of violations filed by fishing inspectors but never integrated into the catch figures filed to the FAO in Rome. The study found detailed descriptions of widespread unreported dumping of fish as well as equally illegal failures to report the killing of dolphins — and the discreet landing of over-quota fishes sold on the local black market. The investigation reports were not made public and culprits were rarely prosecuted, the study found.

One such report described by Simmons and obtained and released by a local television journalist last year caused a sensation because it contained video footage of fish being dumped. The report describes Operation Achilles, undertaken in 2012, in which officials installed cameras on six trawlers as a pilot project to see how many dolphins they caught. The footage showed that one vessel killed two Hector’s dolphins on the same day. The report noted the skipper waited four days to report the first dolphin death and didn’t report the second one at all, which is illegal. The footage also showed that all but one of the six vessels’ crews filmed were discarding fish with abandon, which is punishable by a NZ$250,000 (US$175,000) fine.

“We have never had such compelling evidence to prove what we have known for a long time,” wrote Mark Sanders, the investigator who wrote the Achilles report. He urged his superiors to prosecute the crews. Were the video to be released, which it eventually was, he wrote, “The sight of large, perfectly good fish being systematically discarded… could… stir up an emotive backlash not only from the NZ public but from international quarters as well.”

Not fixing the problem, he added, “could see a large international company (like) McDonald’s refusing to buy our ‘non-green-image’ fish or having imports cancelled because of those pressures.”

The skippers of all five trawlers got off with a warning, which caused considerable indignation in the press and in the liberal opposition. Scott Gallacher, then fisheries deputy director-general, dismissed the findings of the Simmons report and insisted that discards were between 5 and 7 percent. After it emerged that it was Gallacher who made the decision not to prosecute the skippers in the Achilles case, he was reassigned to another
department (though his boss called it a “coincidence”). The government then appointed a former solicitor-general, Michael Heron, to independently review Gallacher’s decision not to prosecute. Heron describes the decision as “flawed” but “understandable” and says “the situation as to discards remains confused.”

In a 2014 e-mail released by Heron, Dave Turner, the director of fisheries, wrote to Gallacher, his boss at the time, that excessive discards were a “systemic failure of the current system.” But if the fishermen were forced to follow the law, “We would probably put half the inshore fishing fleet out of business overnight.”

Turner is far from the first official to sound the alarm. In 2008, Fisheries Operations Manager Jonathan Peacey wrote that the quota system has created a situation where “dumping…. is common in many New Zealand fisheries.” He urged a “comprehensive review” that would lead to major changes, but no such review was undertaken by the National Party administration, which came into power a few months later.

In an unpublished 2008 report obtained by Earth Island Journal, Shaun Driscoll, at the time the fisheries ministry’s manager for investigations, noted that “an overbearing and over-powerful fishing industry” had created a system that “virtually guarantees illegal fishing practices.”

“The quota system,” writes Fiona McCormack, an anthropologist at the University of Waikato, in Hamilton, New Zealand, “concentrates fishing power in the hands of industry, which allows it to capture its government regulators and to squeeze the fishers so much that they are forced to discard. The only sustainability it achieved is the sustainability of the profits of the quota holders.”

Today, in quota-based fisheries, “Between 50 percent and 80 percent of the value of a fish landed in port goes to the quota holder, which could be a fishing company, a fish processor or even a private-equity investor,” adds Evelyn Pinkerton, a fisheries anthropologist at Simon Fraser University in Burnaby, British Columbia.

Reactions to the revelations of the Simmons report have varied widely. While the government denies any wrongdoing, California’s Monterey Bay Aquarium says it might make some changes to its influential guide to sustainable seafood, Seafood Watch. The guide currently gives a favorable rating to
snapper, even when it’s caught by net in the Maui habitat. “We are updating our ratings and taking the Simmons report into account,” says Santi Roberts, manager of the rating program.

A spokesperson for the nonprofit Marine Stewardship Council — a global leader in certifying fisheries as sustainable — says that after examining the Simmons report, it has confirmed that “the New Zealand hoki fisheries have been independently assessed as continuing to meet the high requirements of the MSC Fisheries Standard.”

The MSC has certified 70 percent of New Zealand’s deepwater fisheries as sustainable.

Last May, McDonald’s was asked to comment on calls from NABU, a German nonprofit, that it boycott hoki (blue grenadier) in the light of the Simmons report and the parlous state of the Maui dolphin. The company uses hoki for 8 percent of the filet-o-fish it sells globally. “The New Zealand hoki fishery was one of the first fisheries in the world to be awarded MSC certification for sustainable fishing,” a McDonald’s spokeswoman was quoted as saying in response. “There is no guesswork in ensuring these standards are met and maintained because MSC has an independent team of scientists who regularly examine data.”

On January 19, more than 50 conservation organizations wrote to MSC to protest its certification of fisheries, including the New Zealand orange roughy fishery, that each year kill 650,000 marine mammals, including dolphins, and millions of sharks. MSC receives most of its revenue from the fishing companies it certifies and environmental groups have accused it of violating its own standards to increase income.

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