

FISHERIES (RETENTION OF NEW ZEALAND CONTROL) BILL

EXPLANATORY NOTE

THIS bill amends the Fisheries Act 1996 to bring into effect sections which provide that quota-holding companies must have 75% New Zealand ownership of any class of share and which also provide for exemptions where the overseas involvement is in New Zealand's national interest according to statutory criteria.

The Fisheries Act 1983 provided that only New Zealanders, or companies with 75% New Zealand control or greater, could own quota. Certain overseas interests soon found they could circumvent this by having companies with two classes of shares, whereby "control" was ostensibly exercised by New Zealanders, but the profits went entirely to foreigners.

The 1996 Fisheries Act blocked this loophole by providing that quota-holding companies must have 75% New Zealand ownership of any class of share. Both Acts provide for exemptions where the overseas involvement is in New Zealand's national interest according to statutory criteria, e.g., by creating processing jobs onshore.

The 1996 Act was to be brought into effect by degrees, by Orders in Council. This was because it is not possible to cope with bringing all the non-quota fish species into the Quota Management System in one hit.

Unexpectedly, the Government has used this flexibility to defer implementation of the quota ownership sections. In response to Japanese representations, the Government has promised to stall implementation of these provisions until late 1999 at the earliest, and has hinted at repealing the sections entirely.

This bill simply inserts a commencement date for the relevant sections. The bill will only rule out foreign ownership of quota for which no case can be made that the foreign ownership is in New Zealand's national interest.

Hon Jim Sutton

**FISHERIES (RETENTION OF NEW ZEALAND
CONTROL)**

ANALYSIS

Title
1. Short Title

2. Short Title and commencement
3. Commencement of sections 56 to 58

A BILL INTITULED

**An Act to bring into effect certain sections of the
Fisheries Act 1996**

5 BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title—This Act may be cited as the Fisheries (Retention of New Zealand Control) Act 1998, and is part of the Fisheries Act 1996 (“the principal Act”).

10 **2. Short Title and commencement**—Section 1 (2) of the principal Act is amended by inserting after the words “Subject to”, the words “subsection (2A), and”.

3. Commencement of sections 56 to 58—Section 1 of the principal Act is amended by inserting after subsection (2), the following subsection:

15 “(2A) Sections 56, 57, and 58 of this Act come into force on 1 February 1999.”