Suggested Reference


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Re-thinking the Aotearoa Fisheries Value Chain: Implications for Kaitiakitanga

Glenn Simmons, Dr Christina Stringer, Professor Hugh Whittaker and Associate Professor Manuka Henare

Department of Management and International Business
The New Zealand Asia Institute
Mira Szászy Research Centre for Māori and Pacific Economic Development
The University of Auckland Business School

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During the last 17 years outsourcing of fish processing has gained unprecedented momentum – mainly head & gutted fish exported to China for further processing.

- China has a competitive advantage in recovery and throughput rates.

- Processed value added products are then re-exported to key markets e.g. E.U., Japan, USA.

- “Outsourcing can be destructive to an economy because the collective R&D, engineering, and manufacturing capabilities that sustain innovation are lost” (Pisano and Shih, 2009, p. 116).

Where is the ‘value add’ in exports?

Source: Statistics New Zealand
Up to 70% of the fish is turned into low value fishmeal, some oil or wasted.

- **Heads (30% of fish weight)**: very little retained, most mealed/oil extracted or dumped.
- **Backbones (15% of fish weight)**: mealed/oil extracted or dumped.
- **Liver and roe (7% of fish weight)**: roe retained by a few, mostly mealed/oil extracted or dumped.
- **Fillets (32% of fish weight)**: sold.
- **Skin (6% of fish weight)**: mealed/oil extracted or dumped.
- **Guts**: mealed/oil extracted or dumped, some swim bladders dried but mostly mealed or dumped (5% of fish weight).
- **Trimmings (5% of fish weight)**: minced block, mealed or dumped.
- **Backbones (15% of fish weight)**: mealed/oil extracted or dumped.

“There is industry awareness of the potential to use the whole fish, some boutique players playing with some byproducts, but no proper commercialisation of the opportunities” (pers. comm. 2012).
This is what dumping looks like
Putting a figure on missed opportunity

2011 Total Allowable Commercial Catch (TACC) = 631,787 tonnes

- Total marine landings = 435,000 tonnes
- Finfish landings = 394,000 tonnes*
- Finfish domestic sales = 39,000 tonnes
- Finfish exports = 199,000 tonnes, $778.8m
- Finfish waste = 156,000 tonnes

197,000 tonnes of TACC not caught

Includes 59,900 tonnes of fish waste exported (600,000 tonnes during past 10 years)

59,420 tonnes dumped at sea

95,700 tonnes = 21,000 tonnes ($44m) of fishmeal. 2011 average export price for fishmeal was $NZ 2.10kg or $NZ 0.38kg greenweight.

Fish waste if dried could have earned $NZ173.7 million in 2011. Over last 10 years 1.67 million tonnes of fish waste could have earned $NZ1.87 billion instead of $370 million from fishmeal (if dried and marketed as by Iceland)

Sources: Compiled and calculated from Ministry for Primary Industries and Statistics New Zealand data

*Does not include illegally dumped fish, estimated at between 79,000 and 197,000 tonnes
New Zealand industry average EBITDA less than 10% whereas the Icelandic Industry average EBITDA is more than 30%.

Iceland has been able to achieve a high average EBITDA through, for example:

- Complete transparency
- Independent auction system
- A collective commitment to market led innovation
An Icelandic approach to fish waste
Iceland utilises 96% of the fish

- Backbones dried and sold to Nigeria
- Development of own technology (superchilling) increased fillet yields by 10-15%
- Heads dried and sold to Nigeria
- Nigeria buys dried heads for FOB US $5.50/kg and frames/bones for US $2.50/kg.
- 100% utilisation of liver and roe
- Guts dumped (4%)
- Swim bladder dried
- Trimmings are minced into fish Nuggets
- Gelatin extracted from skin and swim bladder for use in a wide range of food products
Enzymes from the gut used for cosmetics, hygiene and pharmaceutical products

Canned cod liver products

Enzymes used for natural fish flavourings

Gelatin pharmaceutical capsules

Pharmaceutical tissue and nerve-regeneration products

Hand & foot creams for preventing and treating diabetic ulcers

Caviar and spreads

Cod liver oil

Beauty collagens (anti-aging products)

Advanced derivates: aim to use 100% of the fish

Fish leather used by shoe & fashion industry
By-products in 1992 were 1,667 tonnes, increasing to 47,782 tons in 2010.
Increase real value from your fishing rights by 20% per annum without increasing volume.

“The real value of a limited resource is not intrinsic to the product itself, nor is it the current price. It is the latent demand of narrow segments populated by rare products” (Prof. Ken Simmonds, 2006).
The University of Auckland Business School, the New Zealand Asia Institute and the Mira Szászy Research Centre for Māori and Pacific Island Development are committed to ongoing research and collaboration aimed at transforming our seafood industry along a ‘high road’ innovative and sustainable trajectory.

Thank you!