
The Challenger Scallop Enhancement Company: Collaborative Management of a Natural Resource Based in the Private Sector

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The Challenger Scallop Enhancement Company: Collaborative Management of a Natural Resource Based in the Private Sector

The Challenger Scallop Enhancement Company, based in Nelson, New Zealand, shares responsibility with the Ministry of Fisheries for managing commercial southern scallop fishery on the northern tip of the South Island of New Zealand. Challenger's experience illustrates that collaboration need not be based in government; a private company can hold considerable responsibilities, with government, public, indigenous, and commercial interests all holding a significant stake in the process. The key to understanding how this works is understanding Challenger's development and current operations.

Development of the Challenger Scallop Enhancement Company

Challenger's development was an evolutionary process based in New Zealand fisheries management and the experiences of the southern scallop fishery. Since the early 1980s, New Zealand has received considerable attention for innovation in public management, as well as fisheries management. In New Zealand fisheries management, a key development was the creation of an individual tradable quota (ITQ) system, whereby the rights to catch fish can be bought and sold, much like an emissions trading system. As the perceived security of ITQs as property rights grew, so did the owners' willingness to participate and invest in fisheries management (Yandle 2003). Furthermore, the Ministry of Fisheries was willing support the participation of commercial fishing interests in fishery management. Today, many commercial stakeholder organizations are involved in fisheries management, and thus Challenger is one of many influenced by this background of property rights and government cooperation. As the earliest example of this approach, Challenger's development is particularly worthy of attention.

For most of its history (commercial exploitation began in 1959), the southern scallop fishery followed a classic pattern of boom and bust, culminating in the closure of the fishery in 1981. In 1983, the Ministry of Fisheries began a program to enhance the fishery by

capturing scallop spat (embryonic scallops), growing them in a relatively protected environment, then reseeded the scallop beds. By 1986, the program was showing promising results, and in 1989, license holders agreed to pay a supplementary levy (tax) to support the enhancement program. At the same time, rotational catching (closing certain areas of the fishery for a year or longer) was introduced to the fishery, further amplifying the effects of the enhancement program. In 1992, legislation made the 1989 levy compulsory and introduced ITQs to the fishery.

The Challenger Scallop Quota Holder Association was formed soon after and began advocating for ITQ owners. A key disagreement was levy funding and enhancements and scientific research needs. The Ministry of Fisheries "was not equipped to deliver the discretionary enhancement activity desired by quota owners—particularly if it meant buying an expensive specialized vessel with fishers' money" (Arbuckle and Metzger 2000, 10). In 1994, Challenger was formed as a company owned by scallop ITQ owners and regulated by standard commercial contract law.

In 1997, the Ministry of Fisheries and Challenger signed a memorandum of understanding that specified a relationship in which information would be shared transparently and both parties would share fishery management responsibility. Challenger also began using contacts (with civil penalties) with ITQ owners and fishers to obtain a higher level of compliance with its fishing rules and to create an area closure in order to supplement the Ministry of Fisheries' criminal enforcement powers. This arrangement evolved over the next decade, resulting in the collaborative management approach described here.

Current Management of the Southern Scallop Fishery

Today, management of the scallop fishery is based on scientific management of the harvest, combined with a rigorous series of consultations with all parties

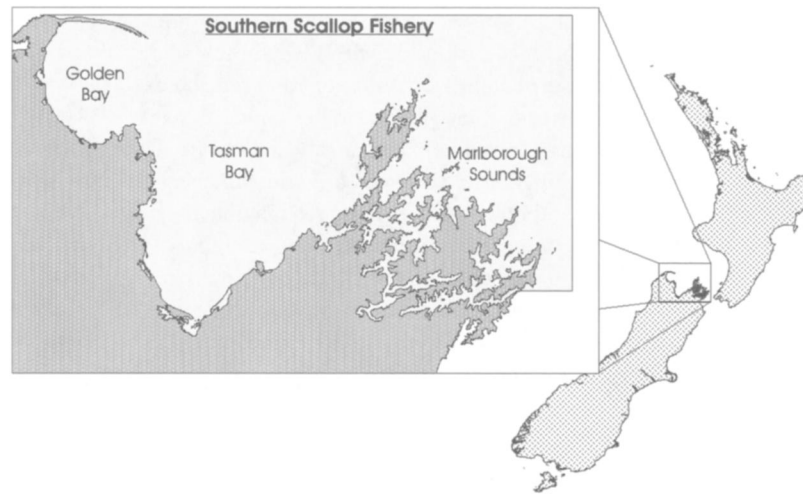


Figure 1 Location of the Southern Scallop Fishery

Source: Mincher (2003).

interested in the fishery. After reviewing the available scientific data on the state of the fishery, Challenger develops a draft management plan for the year, outlining commercial catching rules and areas that will be closed to commercial fishers (but open to recreational fishers) in the annual rotation. The Ministry of Fisheries and Challenger then present and discuss this draft in a series of consultations with all interested parties. These include the Challenger Recreational Fishing Advisory Group (representatives selected from local recreational fishing clubs), all eight of the local Iwi (Maori tribes that have a traditional interest in the fishery), and the general public. The meetings with the public are well advertised, and Challenger sends invitations to environmental non-governmental organizations, local governments, and aquaculture interests to encourage their attendance. Discussions during these meetings are substantive and brisk and may be followed up with written submissions. The results of the consultations are incorporated into the final plan and presented to the Challenger Board. After discussion and further change, the plan is approved, the levy is set, and the annual contract is signed by the ITQ owners and fishers. The contract then provides the basis for day-to-day fishing management, supplemented by Challenger's area closures as needed. Finally, Challenger continues to undertake or manage all research and enhancement activities.

Understanding Challenger's Success

Today, Challenger and the Ministry of Fisheries have a well-established and well-respected fisheries management approach. Seeding operations, combined with rotational area closures and strong company contracts, have brought the fishery back from the edge of collapse since the early 1980s. Not only have commercial fishery operations benefited, but

also recreational fishers have seen a significant increase in the quantity of scallops they are allowed to catch. Furthermore, Challenger and the Ministry of Fisheries jointly sponsor an annual series of consultations with the local Iwi, the Challenger Recreational Fishing Advisory Group, and the public (including individuals, environmental interests, local governments, aquaculture, and other commercial fishing interests). This provides additional collaboration and transparency. Several lessons can be drawn from this case:

- Property rights were vital to the development of this approach. Commercial fishers need the long-term security offered by strong property rights in order to invest in collaborative management.
- The development of stable, successful collaborative management regimes takes considerable time, effort, and good faith over a very long time horizon. Challenger evolved into its current form and range of responsibilities over a period of more than 20 years.
- Leadership is important. Both Michael Arbuckle (founding chief executive officer) and current chief executive Russell Mincher had a vision and an ability to garner the support of key stakeholders in the fishery, as well as the management skills to start and expand the organization's operations. Both leaders were recruited from the Ministry of Fisheries and were well-known in both the ministry and the fishery.

When asked about the most important lessons of the Challenger case, Mincher (2006) added the following:

- The strength of the collaboration is based on Challenger and the government working together. Both parties have individual strengths and weaknesses, but together, they provide the most robust arrangement.

- Communication is critical. “I spend a lot of time maintaining our relationship with the Ministry of Fisheries, our shareholders, and the other stakeholders in the fishery. They all need to be confident that the organization and its leader are able to be trusted to do the things we have agreed to,” said Mincher.
- Fishers and quota owners must see tangible benefits in order to continue their long-term participation in the collaboration. Pride in being part of a leading-edge fisheries operation helps, but they must see benefits such as consistent enforcement and better returns.

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Collaborative Public Management in San Francisco

In the case of the city and county of San Francisco, Mayor Gavin Newsom has illustrated the concept of collaborative public management through two successful programs known as SFStat and the HOME Team project. San Francisco, the only consolidated city and county in the state of California, is a bureaucracy unto itself. Comprising more than 50 departments with a combined operating budget of more than \$5 billion, San Francisco epitomizes metropolitan government. Both large and complex, San Francisco departments tend to operate in isolation from one another within an environment characterized by intense competition over limited budgetary allocations decided by the Board of Supervisors.

Seeking to emulate a data and technology-driven management model employed by other large cities, such as Baltimore (CitiStat) and New York City (CompStat), Mayor Newsom launched SFStat with the intention to create an efficient, effective, citizen-based government. SFStat is a forum in which essential city departments present data on budgets, human resources, and service delivery to a panel comprising the mayor, his chief of staff and budget director, the controller, the city attorney, and the human resources director on a routine basis.

Applying a specific example to the concept of collaborative public management, the results are easy to see: During one 2005 SFStat meeting, for example, the San Francisco Fire Department presented data on frequent service users as part of its routine update on incident call types and response time data. These so-called frequent flyers were individuals, mostly homeless or public drunks who were routinely picked up by the city paramedics. Because field triage for these individuals and transportation to emergency rooms detracted from the Fire Department’s ability to respond to life-threatening incidents in a timely manner, the issue was brought to the attention of the SFStat panelists as a serious public safety issue.

According to city incident response data reported in the *San Francisco Chronicle* on October 5, 2005, 362 individuals had ridden in an ambulance more than four times a month from March 2004 to August 2005. Combined, these 362 individuals accounted for a total of 3,869 trips in city emergency service vehicles. Mayor Newsom recognized this situation as inefficient, expensive, and, most importantly, poor service for those most in need. As a result of data presented in the SFStat meeting, he directed the Fire Department to share information with the Department of Social Services. This led to the close collaborative work between the two departments to find a