

H0121

27 February 2009

Minister of Fisheries

## **Introduction of Redbait (RBT) in the Quota Management System on 1 October 2009: Final Advice Paper**

- 1 This Final Advice Paper (FAP) provides you with the Ministry of Fisheries' (MFish) recommendations on the proposed introduction of redbait into the Quota Management System (QMS) on 1 October 2009.
- 2 The paper consists of the following sections:
  - a) Part 1: Final Advice Paper
  - b) Part 2: Summary of recommendations
  - c) Part 3: Initial Position Paper
  - d) Part 4: Summary of submissions
- 3 Section 18 of the Fisheries Act 1996 states that if you determine to make a stock subject to the QMS you must, by notice in the *Gazette*, declare the stock to be subject to the QMS on and from the first day of the fishing year stated in the notice. MFish has attached a *Gazette* notice containing MFish's recommendations. Should you agree with MFish's recommendations MFish requests that you approve the recommendations and sign the attached notice.
- 4 Should you make a determination to introduce redbait into the QMS on 1 October 2009 the Fisheries Act 1996 (the Act) requires MFish to allocate quota for that species based on catch history. The quota allocation processes require a minimum of 140 working days.
- 5 In order ensure that there is sufficient time for MFish to undertake those statutory processes in time for 1 October 2009 MFish requests that you make your determination on or before 2 March 2009.

# PART 1: FINAL ADVICE PAPER

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## Executive Summary

- 6 This paper recommends that you make a determination under section 17B of the Fisheries Act 1996 (the Act) to introduce redbait (*Emmelichthys nitidus*) stocks into the Quota Management System (QMS) on and from 1 October 2009.
- 7 A consultation document was released on 30 June 2008 seeking stakeholders' views on whether 10 species or species groups (including redbait) should be introduced into the QMS on 1 October 2009. MFish's preliminary conclusion presented in the consultation document was that none of the species should be introduced into the QMS on 1 October 2009. In response to the 2008 discussion document no submissions were received from stakeholders supporting redbait being introduced into the QMS.
- 8 Additional information from the 2007/08 fishing year regarding the redbait fishery subsequently become available at the conclusion of that fishing year. That information indicated an increased amount of redbait being targeted together with more redbait being processed rather than turned into fish meal. Based on that information, MFish released an Initial Position Paper (IPP) on 30 January 2009 proposing that redbait stocks be introduced into the QMS on 1 October 2009 in order to allow the utilisation potential of the fishery to be maximised.
- 9 Submissions in response to the IPP were received both supporting redbait's introduction into the QMS and expressing concern that the costs of introduction would outweigh benefits. Three submissions supported QMS introduction while two were opposed.
- 10 Redbait is currently managed as an open access fishery. It is taken mainly as a bycatch in several fisheries targeting QMS species, with the majority (66% over the past 7 fishing years) taken as bycatch of the jack mackerel trawl fishery. It is also targeted and approximately 11% of estimated redbait catch was targeted during the 2007/08 fishing year.
- 11 The key factor influencing your decision is whether you are satisfied that the current management of redbait is not ensuring the sustainability of the species or is not providing for the utilisation of the species. Should you be satisfied this is the case you must make redbait subject to the QMS unless you determine that the purpose of the Act would be better met by setting one or more sustainability measures set under section 11 of the Act. MFish has a policy preference for management under the QMS.
- 12 Utilisation is defined in the Act as "*conserving, using, enhancing, and developing fisheries resources to enable people to provide for their social, economic, and cultural wellbeing*". When determining whether or not the current management for redbait is providing for utilisation, the test to consider is whether the current level of access provided is optimal.

- 13 MFish considers that utilisation of redbait, as defined in the Act, is not being best provided for. Evidence of utilisation problems in the redbait fishery can be demonstrated by, for example:
- a) A lack of security in the long-term access of fishers to the resource;
  - b) The potential for competitive interactions in the fishery; and
  - c) The uncertainty of long-term management arrangements which give rise to a lack of incentive to invest in, or develop the fishery.
- 14 MFish also considers that under open access there is a risk of redbait catches increasing as the species is targeted more often. In the absence of a catch limit unconstrained catches could lead to sustainability concerns for the species.
- 15 Should you determine to introduce redbait into the QMS you are also required to agree to quota management areas, the fishing year and the unit of measurement.
- 16 There is little biological information upon which to reach conclusions about stock structure and biologically-relevant quota management areas (QMAs). However, because of the association with the jack mackerel fishery and the ocean current structure, MFish recommends that you agree to set QMAs for redbait that are the same as those for jack mackerel. MFish recommends four QMAs; RBT1, RBT3, RBT7 and RBT10 (see Figure 3). All submissions that commented on QMAs supported this option.
- 17 MFish also recommends that you agree that redbait stocks be subject to the 1 October to 30 September fishing year and that the unit of measurement for redbait be expressed in greenweight.
- 18 Should you agree to introduce redbait into the QMS, MFish will commence a separate process for setting total allowable catches (TACs) and total allowable commercial catches (TACCs). Stakeholders will again be consulted on that process. If introduced into the QMS on 1 October 2009 redbait quota would be allocated to the fishing industry on the basis of catch reported during the period 1 October 1990 – 30 September 1992. Depending on the TACCs that are subsequently set, some quota is also likely to be allocated to the Crown. That quota would be tendered at the earliest opportunity.



Image provided by NIWA

## The Issue

- 19 The issue is whether or not the current open access management regime for redbait is ensuring the sustainability or providing for the utilisation of the species. MFish currently has no information indicating concerns over redbait sustainability. However, QMS introduction would remove the potential for unconstrained catches levels that exists under an open access regime. MFish also believes that management of redbait under the QMS framework would ensure that the utilisation potential for this species is maximised.
- 20 In recent years it is clear that the nature of the redbait fishery has been changing. The proportion processed at sea has increased with a concurrent decrease in the proportion being mealed (turned into fish meal in on-board meal processing plants). MFish is also aware that some fishing companies are interested in securing rights to this fishery and that others are interested in developing both the fishery and a market for the product. Appendix 1 of the IPP, which is attached as Part 3 of this FAP, provides some background on the biological characteristics of redbait and recent history of the fishery.
- 21 In June 2008 MFish released a consultation document regarding species under consideration for introduction into the QMS on 1 October 2009. Redbait was one of the 10 species or species groups under consideration. MFish's preliminary conclusion based on a risk assessment was that there were no pressing sustainability or utilisation concerns that would mean the species should enter the QMS at this time.
- 22 Since the release of the consultation document the following additional information has become available regarding redbait catches for the 2007/08 fishing year:
- a) Catch was 30% higher (approximately 700 tonnes) than that recorded during the previous fishing year although it was still less than the 2005/06 catch;
  - b) 27% of the 2007/08 catch was landed as "dressed" (headed and gutted with some additional trimming), the highest proportion on record. Only 10% of the 2006/07 catch was landed in this state;
  - c) 34% was mealed, which is the lowest proportion on record. In 2002/03 all landed redbait catch was mealed but this proportion has been declining steadily since then; and
  - d) 11% of the 2007/08 catch was reported as being targeted. Previously, the highest proportion of targeted estimated catch was 5% in the 2005/06 fishing year.
- 23 The increase in targeted catch, together with the increase in landings of dressed redbait, indicates that there may be a developing fishery for this species. If the information from the 2007/08 fishing year had been incorporated into the June 2008 consultation document MFish's preliminary conclusion to retain the status quo is likely to have been different.
- 24 The nature of the fishery appears to have changed considerably over the past five years. Because of this MFish considers that introduction into the QMS at the earliest possible opportunity is necessary to ensure sustainable utilisation. Rights can then be

allocated and quota owners can develop the fishery in the knowledge that the management framework is not going to change.

- 25 Introduction into the QMS at the early stages of the redbait fishery's development would allow interested parties to purchase quota while it is comparatively low-valued. Once rights have been allocated rights-holders would then be free to invest time and resources in catching and marketing this species.
- 26 Introduction on 1 October 2009 would mean that quota is allocated to Industry based on catch history during the period 1 October 1990 – 30 September 1992. Up to 700 tonnes of catch history exists from this period. If redbait entered the QMS after 1 October 2009 no quota would be allocated to Industry; 20% would be allocated to Maori and the remaining 80% would be allocated directly to the Crown, which would tender that quota. MFish notes however that allocation of quota does not form a relevant consideration for your decision.
- 27 Introduction into the QMS will also allow catch limits to be put in place to constrain catches and reduce the risk to the sustainability of redbait stocks.
- 28 Retaining the status quo is not seen as desirable as under open access there is no surety of access. There are two aspects to this; firstly, fishers will compete for the available fish; secondly, there will be uncertainty around the management framework i.e. whether the species may be introduced into the QMS at some point. Open access does not provide an incentive for companies to invest in and develop the fishery if they may not be able to secure long term rights. Additionally, open access may not ensure sustainability of redbait stocks as catches are unconstrained.

## Summary of Options

### ***Final Proposal***

- 29 The final proposals remain unchanged from those in the IPP with one exception; the IPP contained two options for redbait quota management areas whereas only one option is included in this FAP.
  - a) *Option one - status quo*. Redbait would remain as an open access species outside the QMS.
  - b) *Option two (MFish preferred option)*: Introduction of redbait into the QMS on 1 October 2009 and within that option:
    - i. The quota management areas for redbait would be the same as those for jack mackerel (RBT1, RBT3, RBT7, RBT10);
    - ii. The fishing year for redbait is 1 October to 30 September; and
    - iii. The unit of measure for redbait is kilograms greenweight.

## Consultation

- 30 Your determination to make a stock or species subject to the QMS is made pursuant to section 17B of the Fisheries Act 1996.
- 31 Section 17B(3) requires that before any determination under 17B(2) is made you must consult with those persons or organisations whom you consider to be representative of the classes of persons who have an interest in the relevant determination. Additionally section 19(7) requires that before you make a declaration that a stock is subject to the QMS, you must consult with those stakeholders that have an interest in the matters set out in s 18(1). Those matters are the QMA, fishing year, whether weights are to be expressed as meatweight or greenweight, and any other matters contemplated by the Act. The IPP released by MFish in January 2009 satisfies these requirements.
- 32 An analysis of all relevant statutory considerations is presented in Appendix 1.

## Submissions Received

- 33 Submissions on the IPP were received from:
- a) Independent Fisheries Limited (IFL)
  - b) Sanford Limited (Sanford)
  - c) The New Zealand Seafood Industry Council Limited (SeaFIC)
  - d) Te Ohu Kai Moana Trustee Limited (TOKMTL)
  - e) United Fisheries Limited (UFL)

## MFish Discussion

- 34 Three submitters (Sanford, SeaFIC and TOKMTL) supported QMS introduction based on utilisation grounds.
- 35 IFL opposed QMS introduction while UFL was “not convinced” redbait should be introduced into the QMS. IFL and UFL believed that QMS introduction could add significant costs such as cost recovery levies, payment of deemed values and the cost of acquiring Annual Catch Entitlement (ACE) and quota. Both companies were also concerned that QMS introduction could constrain their ability to utilise target species where redbait is taken as bycatch.
- 36 Sanford, SeaFIC and TOKMTL supported the quota management areas for redbait being the same as those for jack mackerel. IFL and UFL did not comment on the proposed QMAs.
- 37 UFL suggested that if redbait were introduced into the QMS the species should be added to the 6<sup>th</sup> Schedule to the Act and that fishers should be able to return it to the sea alive or dead. This suggestion is not relevant to your decision under section 17B and will be considered in the subsequent IPP on sustainability and management measures should you make a determination to introduce redbait into the QMS.

## Rationale for Management Options

- 38 The primary rationale for introducing redbait into the QMS is to ensure sustainable utilisation - maximising utilisation opportunities and constraining catches to a sustainable level. The fishery has changed in recent years and there is a need to ensure that its ongoing use and development is well managed and sustainable.
- 39 If QMS introduction were to occur on 1 October 2009 it would be at the relatively early stages of the fishery's development and the value of the quota at this time is likely to be comparatively low. QMS introduction at this time would provide the best opportunity for those companies wishing to develop the fishery to secure the long-term rights to the fishery before they make any substantial investment.
- 40 Rationale for retaining the status quo is that Industry would benefit by being having unconstrained access to the fishery and none of the costs associated with QMS administration.

## Assessment of Management Options

### ***Option 1 – Status quo: redbait remains open access species managed outside QMS***

#### *Impact*

- 41 Until 2004 redbait was subject to the permit moratorium (it was not possible to obtain a permit to target the species). Since the moratorium was lifted some target fishing has occurred, however, most catch is still taken as bycatch to QMS fisheries. Retaining the status quo is unlikely to have a significant impact on catch taken as bycatch.
- 42 Companies wishing to target redbait will continue to be able to do so, although they may be unwilling to invest significant resources without the long-term security of property rights.
- 43 As long as redbait remains outside the QMS it will be subject to the annual assessment process undertaken by MFish to determine whether non-QMS stocks or species should be considered for introduction into the QMS. The uncertainty around whether the species may or may not be introduced into the QMS could hinder development of the fishery.
- 44 Remaining an open access non-QMS species could lead to catches increasing to unsustainable levels if a significant target fishery develops. It is possible that the stock could be retained as open access with a catch limit established under section 11 of the Act. However, this would likely create further problems. Such catch limits often result in an Olympic-style fishery with fishers racing to catch as much as they can before the fishery is closed. Any fish taken as bycatch after the catch limit had been reached would have to be dumped. MFish has a policy preference for management under the QMS to avoid scenarios such as this.

## **Costs**

- 45 Management outside the QMS is likely to discourage significant investment in either catching redbait or developing markets for this species. It also means MFish is unable to ensure that catches can be constrained to a sustainable level.

## **Benefits**

- 46 As long as redbait remains an open access species outside the QMS fishers will, in the absence of a catch limit, be able to take as much of this species as they want. They will not be required to acquire ACE in order to balance their catch or to pay deemed values. They will also have the option of discarding any unwanted catch, which would be illegal if redbait entered the QMS

## **Option 2 – Introduction of redbait into the QMS on 1 October 2009**

### **Impact**

- 47 Should redbait enter the QMS fishers would be required to keep all catch (discarding QMS species is illegal unless specifically provided for) and to balance their catch with ACE. If they were unable to balance catch they would be required to pay deemed values for any catch in excess of ACE holdings.
- 48 All QMS species are subject to the Fisheries Assessment Plenary, which is an annual review of biological, fishery, stock assessment and stock status information. Redbait would become part of the Plenary process if it were to enter the QMS.
- 49 Minor regulatory amendments would be necessary to specify the codes to be used by permit holders and licensed fish receivers when completing returns required by the Fisheries (Reporting) Regulations 2001 and to set the interim and annual deemed values.

## **Costs**

- 50 If redbait entered the QMS fishers would be faced with the same costs they face for all other QMS species. These include the cost of acquiring ACE or paying deemed values and cost recovery levies (quota owners only).
- 51 It is possible that restrictive TACCs for redbait stocks could constrain other target fisheries or require fishers to change fishing practices. This could provide incentives for dumping or misreporting of redbait. As noted earlier in the paper, TACC setting is a separate process that would commence after your decision to introduce redbait into the QMS.

## **Benefits**

- 52 The primary benefit of QMS introduction (and consequent allocation or tendering of quota) is that those parties who acquire quota will have appropriate incentives to invest in the fishery. The rights-based approach, which is MFish's policy preference, is likely to provide the best opportunity for maximising utilisation of the fishery as the security provided by quota ownership will allow owners to invest in catching and developing markets for this species.

- 53 Management under the QMS will ensure sustainable catch limits are put in place and will reduce the risk to the sustainability of redbait stocks.
- 54 Better quality information on redbait catches may arise as MFish believes that currently some redbait catch may be discarded without being reported.

### **Other Management Controls**

- 55 Should you agree to introduce redbait stocks into the QMS, section 18 of the Act requires your decision to be accompanied by a notice in the *Gazette*. Section 19 specifies the matters to be included in such a notice and requires that the notice must:
- a) Define the quota management area to which the notice relates by reference to an area or areas defined in the First Schedule to the Act or in any other manner;
  - b) State the fishing year in respect of the stock, which shall be a 12-month period commencing on either the 1<sup>st</sup> day of April or the 1<sup>st</sup> day of October;
  - c) State whether, for the stock concerned, the total allowable commercial catch is, and annual catch entitlements are, to be expressed in meatweight or greenweight; and
  - d) Make provision for such other matters as may be contemplated by this Act.
- 56 MFish is not aware of other matters that the notice needs to make provision for.

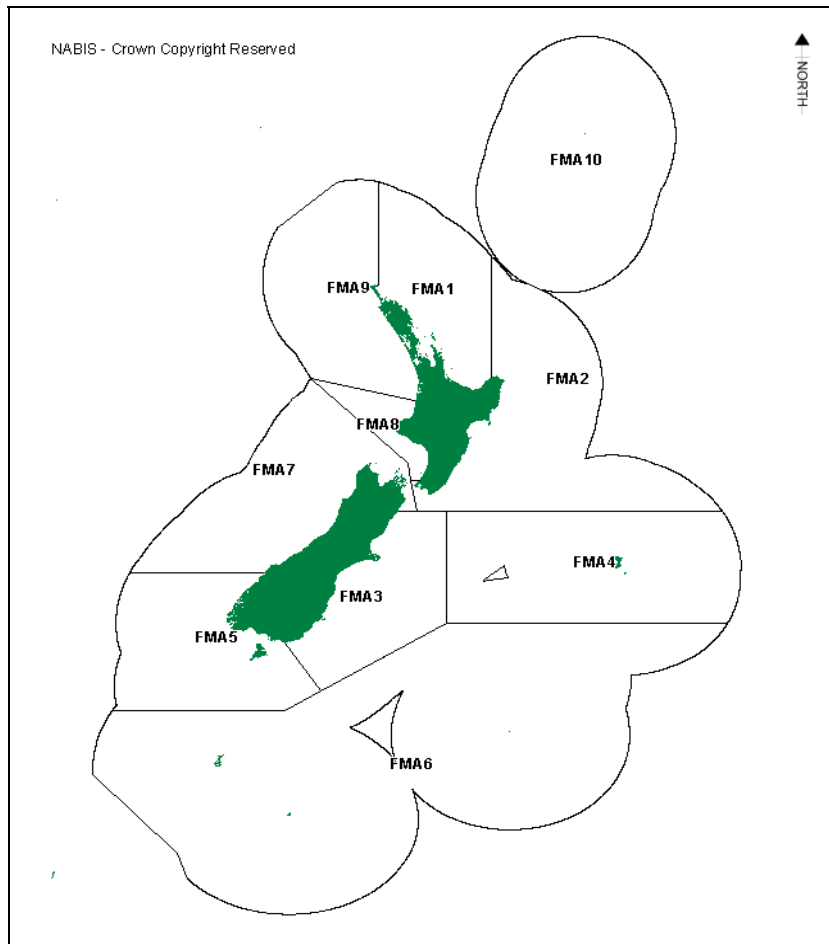
### **Quota Management Areas**

- 57 The IPP proposed two options for redbait QMAs. Option 1 proposed five redbait QMAs, four of which would be the same as those for jack mackerel (JMA). Under this option there would be separate redbait QMAs corresponding to fishery management areas (FMAs) 1 and 2. This differs from jack mackerel in that the JMA1 stock includes both FMAs 1 and 2. FMAs are shown in Figure 1.
- 58 Option 2 proposed that redbait QMAs be the same as those for jack mackerel.
- 59 A third option, not contained in the IPP, has arisen from a recently-commissioned report by the National Institute of Water and Atmospheric Research (NIWA) which summarised the known information on redbait. In that report, which was not available in time to inform options presented in the IPP, NIWA advised MFish that there is little information from New Zealand upon which to base biologically-relevant QMAs. It offered the scenario of two QMAs. One would include fishery FMAs 1 and 2 and the other QMA would comprise FMAs 3-9. The report did not propose other scenarios and did not consider the benefits of aligning redbait QMAs with those of jack mackerel.
- 60 Any decision regarding QMAs should be guided by sections 19(2) and 19(3) of the Act:

*19(2) - in defining the quota management areas, the Minister shall, as far as practicable, maintain the same quota management areas for different species;*

19(3) - if the Minister is satisfied that any species that occur in the waters around the Chatham Islands can, for fisheries management purposes, be managed effectively as a unit, a notice under section 18 of this Act may create around the Chatham Islands a separate quota management area for that species.

61 Although the amount of redbait being targeted is increasing, it is still most often taken as a bycatch to the jack mackerel trawl fishery (66% of total estimated catch from the past 7 fishing years). The majority of the catch is taken from the west coast (FMAs 7, 8 and 9) with 61% of landed catch coming from that area during the past 7 fishing years.

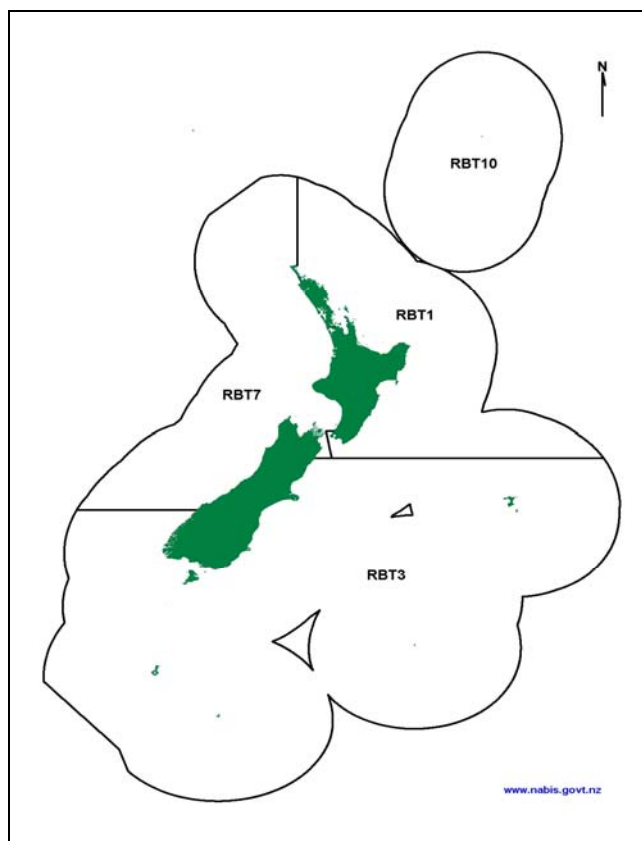


**Figure 1.** Diagram showing fishery management areas (FMAs)

62 Because of the close association with jack mackerel MFish's preferred option is that the QMAs for redbait be the same as those for jack mackerel (as shown in Figure 2). All three submissions that addressed the subject of QMAs also supported this option. No suggestions regarding alternative QMAs were received.

63 There is not a large jack mackerel fishery in the waters around the Chatham Islands (FMA4). Less than 1% of total redbait catch during the 2001/02 – 2007/08 fishing years was taken in this area. For this reason MFish recommends that a separate QMA for the waters around the Chatham Islands is not established.

64 MFish believes that the proposed redbait QMAs shown in Figure 2 are consistent with your obligations under sections 19(2) and 19(3).



**Figure 2.** Diagram showing recommended redbait quota management areas. These align directly with the quota management areas for jack mackerel.

### *Fishing year*

65 MFish recommends that redbait stocks be subject to the 1 October fishing year. The majority of finfish stocks are subject to the 1 October fishing year, including most of the target species where redbait is commonly taken as bycatch. MFish considers that the 1 October fishing year is most appropriate for redbait stocks. Two submitters commented on fishing year and both supported this option.

### *Meatweight or greenweight*

66 ACE and the TACC for all QMS species except scallop are expressed as greenweight. Consistent with this MFish recommends the TACC and ACE for all redbait stocks be expressed as greenweight. Two submitters commented on this issue and both supported this option.

## **Other Management Issues**

67 Should you determine to make redbait stocks subject to the QMS on 1 October 2009 a further FAP will be provided to you regarding additional management measures such

as TACs/TACCs and allowances, deemed values and consequential regulatory amendments.

## Appendix 1 - Statutory Considerations

- 68 **Section 17B(1)** requires you to make a determination under section 17B(2) if satisfied that the current management of a stock or species is a) not ensuring the sustainability of the stock or species; or b) is not providing for the utilisation of the stock or species.
- 69 MFish currently has no information indicating concerns over the sustainability of redbait stocks.
- 70 MFish believes that open access does not provide a suitable framework to enable stakeholders to provide for their economic well-being. Although open access does not prevent utilisation, without the security provided by property rights the potential of the fishery is unlikely to be fully realised. MFish believes that the 17B(1)(b) test is therefore met.
- 71 **Section 17B(2)** requires that you must determine to make redbait subject to the QMS unless you consider that the purpose of the Act would be better met by setting one or more sustainability measures under section 11.
- 72 Generically, MFish considers the QMS is the best framework available within the Act to provide for the utilisation of fisheries resources while ensuring sustainability (the purpose of the Act) regardless of the section 11 measure chosen.
- 73 **Section 11** provides that you may set sustainability measures for one or more stocks or areas including catch limits for stocks not within the QMS, and any regulations that you might consider necessary. Section 11 lists the matters that you must have regard to when adopting such measures, if you were to do so. In making your decision under s 17B, you must consider whether the purpose of the Act would better be met by setting sustainability measures under s 11.
- 74 Because of the increased risk of sustainability concerns for redbait associated with the increase in targeted catch, MFish considers that the benefits of introduction into the QMS outweigh open access to the fishery with the use of sustainability measures under section 11.
- 75 MFish does not consider that section 11 measures on their own can effectively manage the sustainability and reporting issues identified for redbait. There is a risk that sustainability concerns would increase under an open access regime. Even where a catch limit is set under section 11, ‘race-for catch’ incentives operate to make this a less preferred approach.
- 76 In contrast, the QMS provides a framework that enables people to invest in, and develop, a fishery when they choose to do so. As well as setting a TAC, management under the QMS could also include use of section 11 measures to further support sustainability.
- 77 In making a decision under s 11, you would need to consider any effects of fishing on any stock and the aquatic environment. Since a significant proportion of redbait catch is likely to remain bycatch of existing target fisheries, such as the jack mackerel fishery, the impact on the environment through QMS introduction would likely be small. Impacts on the environment through an increase in targeted catch would also

likely be small for reasons including the relatively small scale of the fishery and the use of midwater trawling rather than bottom trawling.

- 78 Measures to address the effects of fishing of a stock on the aquatic environment can be set under section 11 for both open access and QMS management regimes. However, the QMS has inherent incentives to mitigate the potential effects of fishing on the aquatic environment and on other fisheries sectors, and so the QMS is regarded as the preferred tool of choice unless there are reasons why it should not be.
- 79 **Section 8** states that the purpose of the Act is to provide for the utilisation of fisheries resources while ensuring sustainability. Your decision under s 17B should be guided by the principles set out in this section.
- 80 **Section 10** provides that in making your decision, you must take into account the principle that decisions be based on the best available information; that you should consider any uncertainty in the information available, and be cautious when information is uncertain, unreliable, or inadequate; and that the absence of, or uncertainty in, any information should not be a reason for postponing or failing to take any measure to achieve the purpose of the Act.
- 81 There is uncertainty regarding the degree to which current management is not ensuring redbait sustainability or is not providing for the species' utilisation. MFish currently has no information indicating sustainability concerns. There is a divergence of opinion amongst the fishing industry regarding the degree to which utilisation would be enhanced under the QMS. Some Industry members believe that QMS entry will enable the fishery to develop. Others disagree with this view. MFish considers that the information presented to you to enable you to make a determination to introduce redbait stocks into the QMS is the best available information. MFish has considered the most up to date information available on catch and distribution in New Zealand, biology (from a worldwide literature search), life history, likely stock structure and ocean currents.
- 82 MFish believes that lack of certainty in the information available is not sufficient reason for postponing or failing to make a determination to introduce redbait stocks into the QMS and achieve the purpose of the Act.
- 83 **Section 18** requires that if you make a determination under s 17B that redbait is to be subject to the QMS, you must declare this by notice in the *Gazette*. A notice is attached, for your signature should you decide to introduce redbait to the QMS.
- 84 **Section 19(1)** sets out the matters to be included in a notice given under s 18. Section 19(1) requires that the notice state the quota management area to which the notice relates; the fishing year, and whether weights are to be expressed in meatweight or greenweight. MFish recommends that redbait quota management areas be the same as those for jack mackerel, that the redbait stocks be subject to the 1 October fishing year and that weights be expressed as greenweight.
- 85 **Section 19(2)** requires that you shall, as far as practicable, maintain the same quota management areas for different species. MFish considers that the preferred option of establishing QMAs that are the same as those for jack mackerel is consistent with this obligation.

- 86 **Section 19(3)** enables you to create a separate quota management area around the Chatham Islands if you are satisfied that redbait can be managed effectively in the waters around the Chatham Islands. MFish considers that redbait in the waters around the Chatham Islands cannot be managed effectively as a unit and recommends that a separate QMA is not established around the Chatham Islands.
- 87 **Section 5** requires that you should make your decision under s 17 in a manner that is consistent with the provisions of the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992. The introduction of species or stocks into the QMS allows the Crown to meet its obligation to Māori under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 (the Settlement Act). The Settlement Act established that the Treaty of Waitangi Fisheries Commission would be allocated, on behalf of Māori, 20% of all quota for further stocks introduced into the QMS. In addition, when management measures are considered, including setting Total Allowable Catches (TACs) and Total Allowable Commercial Catches (TACCs) for species or stocks to be introduced into the QMS, consideration will also be given to the Crown's settlements with individual iwi.

## **PART 2: SUMMARY OF RECOMMENDATIONS**

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88 MFish recommends that you:

a) **Agree** that redbait remain as an open access species outside the QMS.

OR

b) **Agree** to introduce redbait into the QMS on 1 October 2009 and within that option:

- i. Agree to set four quota management areas for redbait:
  - o RBT1 (comprising fishery management areas 1 and 2)
  - o RBT3 (comprising fishery management areas 3, 4, 5 and 6)
  - o RBT7 (comprising fishery management areas 7, 8 and 9)
  - o RBT10 (comprising fishery management area 10)
- ii. Agree that the fishing year for redbait is 1 October to 30 September; and
- iii. Agree that the unit of measure for redbait is kilograms greenweight.

Andrew Hill  
**Acting Manager Deepwater Fisheries**

APPROVED / NOT APPROVED / APPROVED AS AMENDED

Hon Phil Heatley  
**Minister of Fisheries**

/ / 2009

## PART 3: REDBAIT – INITIAL POSITION PAPER

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### Executive Summary

- 1 This paper proposes that the Minister of Fisheries make a determination under section 17B of the Fisheries Act 1996 (the Act) to introduce redbait (*Emmelichthys nitidus*) stocks into the Quota Management System (QMS) on and from 1 October 2009.
- 2 A consultation document was released on 10 June 2008 seeking stakeholders' views on whether redbait, as well as 9 other species or species groups, should be introduced into the QMS on 1 October 2009. No submissions in favour of redbait (RBT) being introduced into the QMS were received by MFish.
- 3 MFish's preliminary conclusion presented in the consultation document, based on the information available at the time, was that the current management regime for redbait was adequate. Additional information from the 2007/08 fishing year regarding the redbait fishery has now become available. Based on that information, and despite the initial lack of stakeholder support, MFish now believes that introduction of redbait into the QMS on 1 October 2009 would be desirable in order to create a framework allowing the utilisation potential of the fishery to be maximised.
- 4 Redbait is currently managed as an open access fishery. It is taken mainly as a bycatch in several fisheries targeting QMS species, although the majority (66% over the past 7 fishing years) was taken as bycatch of the jack mackerel trawl fishery. Some target fishing does occur and approximately 11% of estimated redbait catch was targeted during the 2007/08 fishing year.
- 5 MFish proposes two options for redbait quota management areas (QMAs). The first option is to have four main redbait stocks: RBT1 and RBT2, which would encompass fishery management areas 1 and 2 respectively; RBT3 which would encompass fishery management areas 3, 4, 5 and 6; and RBT7, which would encompass fishery management areas 7, 8 and 9 - see Figure 2. The second option is to have redbait QMAs the same as those for jack mackerel (RBT1, RBT3, RBT7 and RBT10, see Figure 3).
- 6 MFish also proposes that redbait stocks be subject to the 1 October to 30 September fishing year and that the unit of measurement for redbait be expressed in greenweight.
- 7 The key factor influencing the Minister's decision is whether he is satisfied that the current management of redbait is not providing for the utilisation of the species. Open access does provide for the utilisation of redbait however MFish believes that utilisation of what is apparently an excellent food fish would be maximised under the QMS. The security of rights and access provided by the QMS would enable rights holders to invest in developing the fishery.
- 8 Should the Minister agree to introduce redbait into the QMS MFish will commence a separate process for setting total allowable commercial catches (TACCs). Stakeholders will again be consulted on that process. If introduced into the QMS on 1 October 2009 redbait quota would be allocated to the fishing industry on the basis of

catch reported during the period 1 October 1990 – 30 September 1992. Depending on the TACCs that are subsequently set, some quota is also likely to be allocated to the Crown. That quota would be tendered at the earliest opportunity.

## **Regulatory Impact Analysis Requirements**

- 9 A Regulatory Impact Statement has not been included as the process of introducing a species into the QMS does not require a decision from Cabinet.

## **The Issue**

- 10 The issue is whether or not the current open access management regime for redbait is ensuring the sustainability or providing for the utilisation of the species. MFish has no information indicating concerns over redbait sustainability. However MFish believes that management of redbait under the QMS framework would ensure that the utilisation potential for this species is maximised.
- 11 In recent years it is clear that the nature of the redbait fishery has been changing. The proportion processed at sea has increased with a concurrent decrease in the proportion being mealed. MFish is also aware that some fishing companies are interested in securing rights to this fishery and that others are interested in developing both the fishery and a market for the product. Appendix 1 provides some background on the biological characteristics of redbait and the recent history of the fishery.
- 12 In June 2008 MFish released a consultation document regarding species under consideration for introduction into the QMS on 1 October 2009. Redbait was one of the 10 species or species groups under consideration. MFish's preliminary conclusion presented in the consultation document was that MFish would not be asking the Minister of Fisheries to make a determination to introduce redbait into the QMS on 1 October 2009.
- 13 Since the release of the consultation document the following additional information has become available regarding redbait catches for the 2007/08 fishing year:
- e) Catch was approximately 30% higher than that recorded during the previous fishing year although it was still less than the 2005/06 catch;
  - f) Approximately 27% of the 2007/08 catch was landed as "dressed" (headed and gutted with some additional trimming), the highest proportion on record. Only 10% of the 2006/07 catch was landed in this state;
  - g) 34% was mealed, which is the lowest proportion on record. In 2002/03 all landed redbait catch was mealed but this proportion has been declining steadily since then; and
  - h) Approximately 11% of the 2007/08 catch was reported as being targeted. In the previous year only 3% was reported as being targeted.
- 14 The increase in targeted catch, together with the increase in landings of dressed redbait, indicates that there is a developing fishery for this species. If the information

from the 2007/08 fishing year had been incorporated into the risk analysis contained in the June 2008 consultation document the risk score achieved by redbait would have been higher because of the risk of a potential impact on utilisation.

- 15 MFish believes that introducing redbait into the QMS now, in the early stages of developing the redbait fishery, would allow interested parties to purchase quota at a comparatively low price. Once rights have been allocated rights-holders would then be free to invest time and resources in catching and marketing this species.
- 16 The fishery appears to be developing at some speed. Because of this MFish considers that introduction into the QMS at the earliest possible opportunity is necessary to ensure that rights can be allocated so that fishers can invest in the development of the fishery with the confidence that the management framework is not going to change. Retaining the status quo is not seen as desirable as under open access there will always be uncertainty that the species may be introduced into the QMS at some point and existing fishers may not be able to acquire quota. Additionally open access does not provide an incentive for companies to invest in and develop the fishery if they don't believe they will be able to secure long term rights.

## **Summary of Options**

### ***Option 1 – Status Quo***

- 17 Under the status quo redbait would remain as an open access species outside the QMS.

### ***Option 2 – Introduce redbait into QMS on 1 October 2009 (MFish Preferred Option)***

- 18 MFish's preferred option is to introduce redbait into the QMS on 1 October 2009 and within that option:
  - a) The quota management areas for redbait would be either:
    - i.) RBT1, RBT2, RBT3, RBT7 and RBT10; or
    - ii.) RBT1, RBT3, RBT7 and RBT10
  - b) The fishing year for redbait is 1 October to 30 September; and
  - c) The unit of measure for redbait is kilograms greenweight.

## **Consultation**

- 19 The Minister's decision to make a stock or species subject to the QMS is made pursuant to section 17B of the Fisheries Act 1996 (the Act).
- 20 Section 17B(3) requires that before any determination under 17B is made the Minister must consult with those persons or organisations considered to be representative of the classes of persons who have an interest in the relevant determination. This IPP

satisfies that requirement. Additionally, in June 2008 MFish released a consultation document regarding species under consideration for introduction into the QMS on 1 October 2008. Redbait was one of the species included in that document.

- 21 Should the Minister decide that redbait would be better managed under the QMS, section 19(7) of the Act requires consultation with the persons or organisations considered by the Minister to be representative of those classes of persons having an interest in this issue.

## **Rationale for Management Options**

- 22 The rationale for not bringing redbait into the QMS at this time and for retaining the existing open access management regime includes:
- a) General lack of stakeholder support;
  - b) No current concerns regarding sustainability or effects of redbait fishery on the environment;
  - c) Primarily a bycatch fishery meaning that fishers are unable to control the amount caught;
  - d) Administrative costs to Industry associated with acquiring Annual Catch Entitlement (ACE) or paying deemed values; and
  - e) May constrain target fisheries if deemed value rates are too high
- 23 The primary rationale for introducing redbait into the QMS is to maximise utilisation opportunities. Fishers wishing to catch and develop markets for this species are unlikely to invest significant resources as they cannot be sure that MFish will not introduce redbait into the QMS at some point in the future.
- 24 If redbait is introduced into the QMS after October 2009 all quota will be tendered by the Crown. This could mean that those fishers who had invested in developing the fishery, while it was an open access resource, may not be able to acquire redbait quota because they had been outbid. Any resources they may have invested would be unlikely to be recovered.
- 25 If redbait is introduced into the QMS on 1 October 2009 it would be at the relatively early stages of the fishery's development and the value of the quota at this time is likely to be comparatively low. This would provide the best opportunity for those companies wishing to develop the fishery to secure the long-term rights to the fishery before they make any substantial investment.
- 26 Management under the QMS would also provide a mechanism to ensure that catches can be constrained to a sustainable level.

## **Assessment of Management Options**

### ***Option 1 – Status quo: redbait remains open access species managed outside QMS***

#### ***Impact***

- 27 Until 2004 redbait was subject to the permit moratorium (it was not possible to obtain a permit to target the species). Since the moratorium was lifted some target fishing has occurred however most catch is still taken as bycatch to QMS fisheries. Retaining the status quo is unlikely to have a significant impact on catch taken as bycatch.
- 28 Companies wishing to target redbait will continue to be able to so, although they will be unwilling to invest significant resources without the long-term security of property rights.
- 29 As long as redbait remains outside the QMS it will be subject to the annual assessment process undertaken by MFish to determine whether non-QMS stocks or species should be considered for introduction into the QMS. The uncertainty around whether the species may or may not be introduced into the QMS could hinder development of the fishery.

#### ***Costs***

- 30 Management outside the QMS is likely to discourage significant investment in either catching redbait or developing markets for this species. It also means MFish is unable to ensure that catches can be constrained to a sustainable level.

#### ***Benefits***

- 31 As long as redbait remains an open access species outside the QMS fishers will be able to take as much of this species as they want. They will not be required to acquire ACE in order to balance their catch or to pay deemed values. They will also have the option of discarding any unwanted catch, which would be illegal if redbait entered the QMS

### ***Option 2 – Introduction of redbait into the QMS on 1 October 2009***

#### ***Impact***

- 32 Should redbait enter the QMS fishers would be required to keep all catch (discarding QMS species is illegal) and to balance their catch with ACE. If they were unable to balance catch they would be required to pay deemed values for any catch in excess of ACE holdings.
- 33 All QMS species are subject to the Fisheries Assessment Plenary, which is an annual review of biological, fishery, stock assessment and stock status information. Redbait would become part of the Plenary process if it were to enter the QMS although concerns exist that MFish has insufficient resources available to undertake the necessary stock research.

- 34 Minor regulatory amendments would be necessary to specify the codes to be used by permit holders and licensed fish receivers when completing returns required by the Fisheries (Reporting) Regulations 2001 and to set the interim and annual deemed values.

### **Costs**

- 35 If redbait entered the QMS fishers would be faced with the same costs they face for all other QMS species. These include the cost of acquiring ACE or paying deemed values and cost recovery levies (quota owners only).
- 36 It is possible that restrictive total allowable commercial catches (TACC) for the redbait QMAs could constrain other target fisheries. This could provide incentives for dumping or misreporting of redbait.

### **Benefits**

- 37 The primary benefit of QMS introduction (and consequent allocation or tendering of quota) is that those parties who purchase quota will have appropriate incentives to invest in the fishery. The rights-based approach is likely to provide the best opportunity for maximising utilisation of the fishery as the security provided by quota ownership will allow owners to invest in catching and developing markets for this species.
- 38 Better quality information on redbait catches may arise as MFish believes that currently some redbait catch may be discarded without being reported.
- 39 Introduction of redbait into the QMS on 1 October 2009 would enable those fishers who reported taking redbait between 1 October 1990 and 30 September 1992 to be allocated Provisional Catch History (PCH). MFish estimates that between 600-700 tonnes of redbait PCH could be allocated. Any quota that is allocated to the Crown would be tendered at the earliest opportunity.

### **Other Management Controls**

- 40 Should the Minister agree to introduce redbait stocks into the QMS, section 18 of the Act requires his decision to be accompanied by a notice in the *Gazette*. Section 19 specifies the matters to be included in such a notice and requires that the notice must:
- e) Define the quota management area to which the notice relates by reference to an area or areas defined in the First Schedule to this Act or in any other manner;
  - f) State the fishing year in respect of the stock, which shall be a 12-month period commencing on either the 1<sup>st</sup> day of April or the 1<sup>st</sup> day of October;
  - g) State whether, for the stock concerned, the total allowable commercial catch is, and annual catch entitlements are, to be expressed in meatweight or greenweight; and
  - h) Make provision for such other matters as may be contemplated by this Act.

- 41 MFish is not aware of other matters that the notice needs to make provision for. However the notice does need to specify QMAs, the fishing year and how the TACC and ACE are to be expressed.

### **Quota Management Areas**

- 42 MFish has little information upon which to make an assessment of whether separate redbait stocks exist in New Zealand. Because of this MFish believes any decision regarding QMAs should be guided by sections 19(2) and 19(3) of the Act:

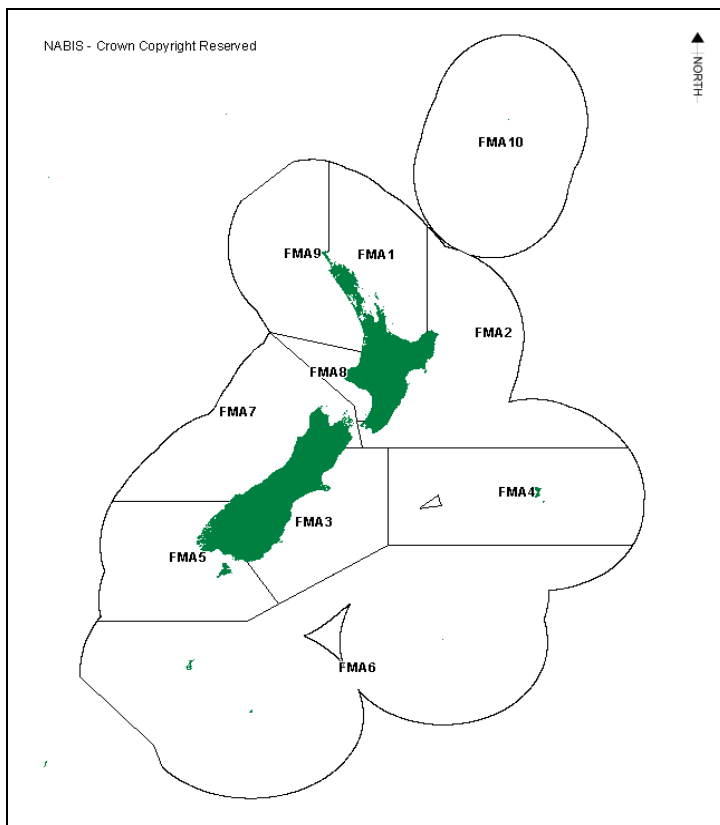
*19(2) - in defining the quota management areas, the Minister shall, as far as practicable, maintain the same quota management areas for different species;*

*19(3) - if the Minister is satisfied that any species that occur in the waters around the Chatham Islands can, for fisheries management purposes, be managed effectively as a unit, a notice under section 18 of this Act may create around the Chatham Islands a separate quota management area for that species.*

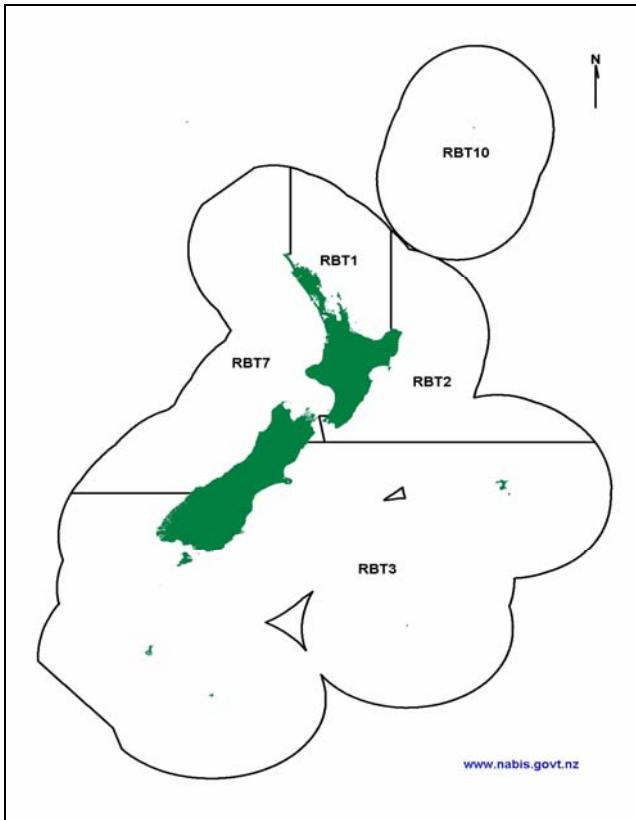
- 43 As detailed in Appendix 1, although the amount of redbait being targeted is increasing, it is still most often taken as a bycatch to the jack mackerel trawl fishery (66% of total estimated catch from the past 7 fishing years). The majority of the catch is taken from west coast (FMAs 7, 8 and 9) with 61% of the past 7 fishing years' catch coming from that area. Figure 1 below shows the fishery management areas (FMAs) referred to in this paragraph.
- 44 There is not a large jack mackerel fishery in the waters around the Chatham Islands (FMA4) and less than 1% of total redbait catch during the 2001/02 – 2007/08 fishing years was taken in FMA4. For this reason MFish recommends that a separate QMA for the waters around the Chatham Islands is not established.
- 45 MFish proposes two options for redbait QMAs. The first is to set four main QMAs as well as a Kermadec QMA (FMA10). RBT1 and RBT2 would consist of FMAs 1 and 2 respectively. RBT3 would consist of FMAs 3-6 while RBT7 would consist of FMAs 7-9. These proposed QMAs are shown in Figure 2.
- 46 The second option is to set the same QMAs for redbait as those for jack mackerel recognising that most redbait is taken as a bycatch to the jack mackerel fishery. These proposed QMAs are shown in Figure 3. Both options recognise that redbait catches to date have come from two main areas, the west coast (mainly FMAs 7 and 8) and the eastern and southern South Island (mainly FMA5).
- 47 Both options also recognise that very little redbait catch is reported from FMAs 1 or 2 despite there being an important jack mackerel fishery in this area. MFish believes there are several possible explanations for this.
- a) The first is that the jack mackerel fishery in this area is based on purse seining rather than trawling. Purse seining is a surface fishing method that does not extend to the depth range where redbait is most commonly found.

- b) The second is that vessels greater than 46m in length, those responsible for virtually all redbait catch to date, are prohibited by regulation from operating in almost the entire area encompassed by FMAs 1 and 2.
- c) An alternative explanation is that redbait is simply not widely distributed in FMAs 1 or 2. Advice from NIWA indicates that the oceanographic conditions in the vicinity of East Cape may preclude redbait from being widely distributed in FMA1 i.e. East Cape may form a barrier that tends to separate pelagic species such as redbait.

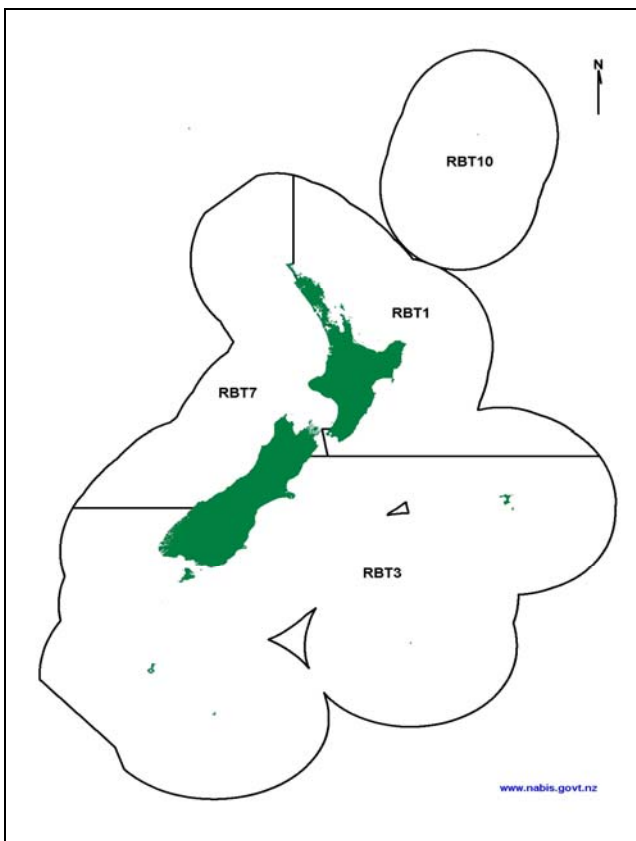
48 Creating redbait QMAs encompassing FMAs 1 and 2 either separately or collectively (RBT1 in Figure 3) would allow for the possible development of a fishery in this area without affecting the existing fishery in FMAs 3 and 5 (RBT3 in Figure 3).



**Figure 1.** Diagram showing fishery management areas (FMAs)



**Figure 2.** Diagram showing option 1 for proposed redbait quota management areas.



**Figure 3.** Diagram showing option 2 for proposed redbait quota management areas.

### *Fishing year*

- 49 MFish proposes that redbait stocks be subject to the 1 October fishing year. The majority of finfish stocks are subject to the 1 October fishing year, including most of the target species where redbait is commonly taken as bycatch. MFish considers that the 1 October fishing year is most appropriate for redbait stocks.

### *Meatweight or greenweight*

- 50 ACE and the TACC for all QMS species except scallop are expressed as greenweight. Consistent with this MFish proposes that the TACC and ACE for all redbait stocks be expressed as greenweight.

## **Statutory Considerations**

- 51 **Section 17B.** The Minister's key decision, whether to make a determination to make redbait stocks subject the QMS is made pursuant to section 17B(1) and (2) of the Act. If satisfied that current management is a) not ensuring sustainability or b) is not providing for the utilisation of redbait the Minister must determine to make redbait subject to the QMS unless he determines that the purpose of the Act would be better met by setting one or more sustainability measures under section 11.
- 52 MFish believes that open access does not provide a suitable framework to enable stakeholders to provide for their economic well-being. Although open access does not prevent utilisation, without the security provided by property rights the potential of the fishery is unlikely to be fully realised. MFish believes that the 17B(1)(b) test is therefore met.
- 53 MFish has no information indicating sustainability concerns for redbait stocks.
- 54 If the 17B(1)(b) test is met, the Minister must then determine to make redbait subject to the QMS or whether the purpose of the Act would be better met by setting one or more sustainability measures under section 11. Generically, MFish considers the QMS is the best framework available within the Act to provide for the utilisation of fisheries resources while ensuring sustainability (purpose of the Act) regardless of the section 11 measure chosen. MFish notes that it is not lawful to use a section 11 measure to meet a utilisation obligation.
- 55 **Section 19.** Should the Minister agree to introduce redbait stocks into the QMS under 17B, he must then define the quota management areas. Section 19(2) requires that the Minister shall, as far as practicable, maintain the same quota management areas for different species. MFish considers that both the QMA options proposed in this paper are consistent with this obligation. MFish also considers that redbait in the waters around the Chatham Islands cannot be managed effectively as a unit and that, therefore, a separate QMA is not established around the Chatham Islands.

## **Other Management Issues**

- 56 Should the Minister agree to introduce redbait stocks into the QMS on 1 October 2009 MFish will consult on additional management measures such as TACs/TACCs and

allowances, deemed values and consequential regulatory amendments. MFish is planning to commission NIWA to provide a characterisation of redbait, which will inform this process.

## Appendix 1- Biological and fishery information

- 1 Redbait (*Emmelichthys nitidus*) is a schooling, bathypelagic species (near-bottom to midwater) that is closely related to rubyfish. It is found over favoured feeding sites – typically submarine rises and seamounts. It has been reported from depths of between 86m and 500m with juveniles occurring near the surface and adults found near the bottom in deeper water, including seamounts. It is also distributed worldwide.
- 2 Redbait feed mainly on larger zooplankton and grow to a maximum total length of 50cm. It is thought to have a maximum age of 10 years. The species is reddish in colour, darker (bluish grey) dorsally and silvery white below. Redbait is reported to be an excellent food fish. No New Zealand-based research has been undertaken on the reproduction or recruitment of this species.
- 3 Redbait distribution is summarised in Figure 1 below.



**Figure 1.** Redbait distribution.

4 Catch information for redbait is summarised in the table below.

**Table 1.** Catch of redbait by fishery management area (tonnes) reported on Monthly Harvest Returns for the past 7 fishing years.

Fishery management area	Fishing year							Total
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	
<b>FMA1</b>	<1	<1	<1	1	2	3	<1	<b>6</b>
<b>FMA2</b>	1	1	1	<1	1	<1	5	<b>8</b>
<b>FMA3</b>	197	100	59	28	705	322	339	<b>1,749</b>
<b>FMA4</b>	78	40	24	15	17	1	9	<b>185</b>
<b>FMA5</b>	1,362	1,074	1,450	633	1,294	669	210	<b>6,692</b>
<b>FMA6</b>	1	5	2	<1	<1	106	2	<b>117</b>
<b>FMA7</b>	1,212	1,133	320	814	1,428	1,170	1,699	<b>7,776</b>
<b>FMA8</b>	457	848	1,468	522	480	313	673	<b>4,759</b>
<b>FMA9</b>	0	132	983	171	28	23	4	<b>1,341</b>
<b>Total</b>	<b>3,308</b>	<b>3,332</b>	<b>4,308</b>	<b>2,185</b>	<b>3,954</b>	<b>2,607</b>	<b>2,941</b>	<b>22,635</b>

5 Table 2 below shows the proportion of the total catch reported over the past 7 years that has come from each fishery management area.

**Table 2.** Proportion of total redbait catch reported over the past 7 years from each fishery management area.

	Fishery management area								
	FMA1	FMA2	FMA3	FMA4	FMA5	FMA6	FMA7	FMA8	FMA9
<b>Proportion of catch</b>	<0.1%	<0.1%	7.7%	0.8%	29.6%	0.5%	34.4%	21.0%	5.9%

6 Redbait has been reported as a target species since 1 October 2004 when the permit moratorium was lifted. However it is most often reported as a bycatch to a number of different QMS target species. The table below summarises the proportion of total estimated redbait catch taken during the 2001/02 – 2007/08 fishing by target species.

**Table 3.** Proportion of total estimated redbait catch taken over the past 7 fishing years and target species.

	<b>Target species</b>					
	<b>Jack mackerel</b>	<b>Squid</b>	<b>Barracouta</b>	<b><i>Redbait</i></b>	<b>Hoki</b>	<b>All others</b>
<b>Proportion of redbait taken</b>	66.1%	14.9%	13.6%	3.1%	1.2%	1.2%

## **PART 4: REDBAIT - SUMMARY OF SUBMISSIONS**

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- 1 MFish received submissions on the “Introduction of redbait (RBT) into the QMS on 1 October 2009” issue from:
  - ◆ Independent Fisheries Ltd (IFL)
  - ◆ Sanford Ltd (Sanford)
  - ◆ The New Zealand Seafood Industry Council Ltd (SeaFIC)
  - ◆ Te Ohu Kaimoana Trustee Ltd (TOKMTL)
  - ◆ United Fisheries Ltd (UFL)
  
- 2 A submission was also received from Amalgamated Marketing Ltd, although the points raised in this submission will be addressed if TAC decisions regarding redbait are made, should you make the decision to introduce this species to the QMS

### **Option 1: Status Quo (no action)**

- 3 UFL and IFL support maintaining the status quo of current open access management. The predominant reason for this is the likely increased operating costs of fisheries targeting those species in which redbait is caught as bycatch. It is thought that increased costs will suppress utilisation of these fisheries. Current open access management enables utilisation but does not limit those fishers who cannot avoid taking redbait as bycatch.

### **Option 2: Introduction of redbait to the QMS**

- 4 Sanford, SeaFIC and TOKMTL support the introduction of redbait into the quota management system, the proposed quota management areas and the proposed unit of measurement. TOKMTL recognises the potential benefits to iwi of further developing this fishery, through allocation of 20% of the available redbait quota.
  
- 5 However, SeaFIC also notes some industry concerns over the possibility of increased operating costs when targeting species for which redbait is traditionally caught as bycatch and therefore recommends that MFish note the industry’s concerns and recognise that redbait is a low knowledge bycatch species and set the TACC and deemed value rates at levels that account for this.
  
- 6 UFL recommends that adequate redbait quota be retained by the Crown so that low cost tendered quota is available to those parties who require ACE for redbait bycatch and do not have catch history in the years that qualify for past catch history quota allocation. UFL also argue for minimal deemed values and placement of redbait on the Schedule 6 of the Act if QMS introduction is approved, as mechanisms to reduce these anticipated costs.

- 7 IFL are concerned that the MFish policy on protecting TACCs through high deemed values will have a significant impact on their ability to utilise target fisheries that catch redbait as bycatch. It is their opinion that landings at current levels or higher will not affect the sustainability of the species and utilisation will be suppressed through QMS introduction and therefore the current management regime is seen as adequate.

# **SUBMISSIONS RECEIVED ON THE PROPOSAL TO INTRODUCE REDBAIT INTO THE QMS ON 1 OCTOBER 2009.**

## **REDBAIT**

IFL oppose the introduction of redbait to the QMS.

In the very limited time this matter is out for consultation we make the following comments. The issue as rightly pointed out in the Initial Position Paper (IPP) is whether the current management regime for redbait is ensuring sustainability or providing for utilisation of redbait (RBT).

### **1. RBT Facts**

- RBT is currently a species with low market returns
- RBT is not “an excellent food fish” as described in the IPP. If it was its market value would be considerably higher than it is.
- RBT has very limited market destinations in frozen form, currently only Russia and Ukraine.
- RBT currently has very limited frozen product formats that are saleable.

### **2. Sustainability**

- RBT is largely a bycatch in 23 QMS target fisheries.
- The minister has no information on the following
  - habitat interactions
  - interactions with protected species
  - no estimates of current or reference biomass or sustainable yields
  - recreational catch
  - customary catch
  - international obligations
  - treaty settlement obligations
- The Minister quite rightly has no evidence of sustainability concerns
- Reported annual landings of RBT have remained relatively constant over the last seven years.
- The slight increase of reported landings of RBT in 2007/08 is still below the last seven year average.
- In our opinion the current level of landings (or higher) will not effect the ongoing

sustainability of RBT

### 3. **Utilisation**

- In our opinion bringing RBT into the QMS will stifle utilisation and increase industry operating costs.
  
- Bringing RBT into the QMS will add significant cost, such as
  - Government time + costs
  - creating quota/ACE administration costs i.e., ACE balancing, and ACE transfer costs.
  - Levy imposition – both Government and Industry Stakeholder Group.
  - Not allowing discarding – with current shortages in land based cool storage space, this could become an issue.
  - Cost of purchasing quota
  - Cost of purchasing ACE
  - payment of deemed values
  
- The government has no information to set relevant TACC
  
- Given the bycatch status of RBT one of our major concerns is the Ministry of Fisheries policy stance on protecting TACC's through deemed values. The stated position of the Ministry is to keep increasing DV's until catch is constrained within TACC's. This type of policy has a significant impact on the utilisation of target species. In the case of RBT this applies to approx 23 current QMS target fishstocks.
  
- It appears to us that the Ministry's main rationale for bringing RBT into the QMS is because industry are now landing RBT in a frozen form rather than discarding or mealing. A company like ours will therefore be penalised with significant increased costs for improving the utilisation of this species through recent development of markets.



20 February 2009

Ministry of Fisheries  
P O Box 1020  
WELLINGTON

Attention: Tracey Steel ([tracey.steel@fish.govt.nz](mailto:tracey.steel@fish.govt.nz))

Dear Tracey

**Introduction of New Species into the Quota Management System 1 October 2009,  
Redbait**

**Redbait** (*Emmelichthys nitidus*) RBT

1. Sanford support the introduction of redbait (RBT) into the Quota Management System (QMS) on 1 October 2009.
2. We believe that moving to a rights-based regime under the QMS for redbait will enable the best opportunity for the fishery to develop and provide for economic well-being whilst ensuring sustainability.
3. The setting of the Total Allowable Commercial Catch (TACC) will ensure that sustainable utilisation is provided for. We look forward to consultation on the TACC setting, occurring in due course.
4. Sanford support the proposed quota management areas (QMAs) being RBT1, RBT3, RBT7, RBT10, using the same QMAs as defined for jack mackerel fishery (JMA).
5. Sanford support the fishing year to be defined as 1 October to 30 September, and the unit of measurement for RBT as green weight.

Please do not hesitate to contact the undersigned should you wish to discuss this submission further.

Kind Regards  
**SANFORD LIMITED**

Andrew Bond  
Industry Liaison Manager

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**SEAFOOD INDUSTRY  
COUNCIL**

The New Zealand Seafood Industry Council Ltd

## Submission

Proposed introduction of redbait into  
quota management system on 1 October  
2009

February 2009

1. Thank you for the opportunity comment on the proposed introduction of redbait into the quota management system on 1 October 2009. This submission is made by the New Zealand Seafood Industry Council Ltd (SeaFIC) on behalf of the seafood industry. The submission has been compiled by SeaFIC staff in consultation with our shareholders.
2. We consider it appropriate that the Ministry review redbait stocks at this time in relation to section 17(B) (1) b of the Fisheries Act, given the evidence provided on the increase in proportion of processed state of redbait over the last five years and the identification of developing offshore markets for this species. Removal of open access may be required to protect investment in the economic development of this fishery. We support the view that there is no information indicating sustainability concerns for this species.
3. In general SeaFIC supports introduction of species, where it is considered that open access regime is not providing for utilisation, at early stage of economic development when value of quota is likely to be low, as this represents the best opportunity for interested parties to purchase quota through the tender process. Introduction of new species at an early stage of development would also be most effective as those investing in the development would have stronger rights to the benefits of those investments.
4. Whilst we do not support the use of expiry of catch history years alone as a trigger for QMS introduction, we recognise that there is a significant amount of redbait catch history (approx 680 tonnes)<sup>1</sup> that would qualify for the allocation of quota if redbait is introduced into the QMS on 1 October 2009. The catch history is an important property right that will be extinguished after 1 October 2009. We consider continued development of markets, increased targeting and any increase in catch is likely to continue to trigger consideration for QMS introduction.
5. SeaFIC is aware that industry support for QMS introduction is divided based on concerns around the costs and benefits of introduction of the species into the QMS for both redbait and the fiscal effects on fishing for existing QMS stocks for which redbait has been traditionally caught as bycatch (i.e. requirement to have ACE, deemed value regime, reporting requirements, research costs etc). The requirement for the Minister to have regard to cost benefits of introduction was removed from legislation. However, we consider that it would be useful analysis to be undertaken and presented in future consultation documents. We refer you to individual company submissions that raise these concerns regarding cost and benefits and support or otherwise for QMS introduction.
6. Should the Minister determine to make redbait subject to the quota management system then we would recommend that the Ministry address industry concerns relating to costs through setting TACCs that recognise that redbait is a low knowledge bycatch species, appropriate

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<sup>1</sup> Species under consideration for introduction into the QMS on 1 October 2009. Ministry of Fisheries Consultation document 10 June 2008

deemed value regimes and consideration of other associated management and compliance costs.

7. It would appear rational to support the option for redbait QMAs the same as for jack mackerel, in recognition of the fact that most redbait is taken as a bycatch of the jack mackerel fishery. We also support a 1 October fishing year and for the unit of measurement to be greenweight should QMS introduction be determined.

20 February 2009

Tracey Steel  
Ministry of Fisheries  
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**Introduction of Redbait into the Quota Management System on 1 October 2009**

Thank you for the chance to comment on the proposed introduction of redbait into the quota management system on 1 October 2009.

As you note in your paper, recent increases in catching and processing of this species suggests that the fishery is already developing and is in some cases being targeted. This appears to be the primary trigger for introduction, along with the fact that some fishing companies have signalled they wish to secure rights to the fishery.

Iwi, through Te Ohu Kaimoana, will receive 20 % of the quota shares of any new species introduced into the QMS. Given the potential for this fishery to be further developed on a commercial basis, and therefore for iwi to benefit from it, Te Ohu Kaimoana supports its introduction to the QMS.

It seems logical to us that the QMAs for redbait should be consistent with those defined for the jack mackerel fishery, for which redbait is currently caught as by-catch.

Naku noa, na



Kirsty Woods  
Manager, Policy and Fisheries Development

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20 February 2009

Tracey Steel  
Ministry of Fisheries  
P O Box 1020  
WELLINGTON

Dear Tracey

## IPP : Introduction of Redbait into the QMS on 1 October 2009

In response to invitations for submissions on the above MFish document, United Fisheries Ltd would like to bring the following comments to the Ministry's attention:

We are not convinced that redbait should be introduced into the quota management system next fishing year, as this species is still very much a bycatch of other target fisheries, in our case largely the barracouta and jack mackerel fisheries in QMA7. We would be very concerned that constraints on supply of ACE for redbait could impact on our ability to catch our barracouta and jack mackerel ACE, particularly if redbait TACCs are set too low. Conversely, if cost recovery levies and deemed values are not set at low levels, the cost of the introduction of redbait could outweigh any benefits.

If the decision is made to declare redbait a quota species, we believe that it should be treated in the same way as spiny dogfish, that is, included in Schedule 6 of the Fisheries Act 1996 to allow commercial fishers in NZ fisheries waters to return redbait **whether alive or dead** to the waters from which it was taken.

Further, TACs must allow for adequate quota to be held by the Crown, so that low cost tendered quota is available to all parties who will need RBT ACE and do not have a catch history in the qualifying years.

Thank you for your attention.

Yours sincerely  
UNITED FISHERIES LTD

A handwritten signature in black ink, appearing to read "Sylvia Brown".

Sylvia Brown  
Administration Officer