

November 2002

Dear Stakeholder

Decisions Regarding Stocks Introduced into the Quota Management System on 1 October 2003: Section 18 Notice

- 1 This letter outlines my final decisions on the introduction of further stocks into the Quota Management System (QMS) on 1 October 2003. I have made my final decisions about these stocks regarding their Quota Management Areas (QMAs), fishing year and unit of measure for the expression of Total Allowable Commercial Catches (TACC) and Annual Catch Entitlements (ACE). A copy of the Gazette notice, dated 24 October 2002, which sets out this information is available on request from the Ministry of Fisheries (MFish) or can be purchased from Bennetts Bookstores.
- 2 In reaching my final decisions, I have considered the MFish Final Advice Paper, dated 4 October 2002, which includes the best available fishery assessment information, results of the assessment of the costs and benefits of QMS introduction, and the issues and information put forward in your submissions.
- 3 I take this opportunity to acknowledge your participation in the MFish consultation process. I appreciate the amount of work and effort that went into the formulation of your submissions within the timeframe available.

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General Issues

- 4 A number of generic issues were raised in submissions. I am in general agreement with the MFish views in the "Generic Issues" section of the Final Advice Paper. However, I believe it is important that I outline my views on some key issues.
- 5 I consider the introduction of stocks into the QMS to be an important decision, as it triggers the process of determining allocations of fishing rights to individuals and between fishing sectors. This can be a highly charged process, as demonstrated by recent Court cases, because of the resulting impact on fishers.
- 6 I am aware of the concerns raised by industry about management of bycatch species in the QMS and the concerns of the recreational sector about the use of the QMS to manage species important to this sector. While considering these concerns, I believe it is important

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for all sectors to remain focused on the overriding objective, which is to ensure New Zealand's fisheries resources are managed for sustainable utilisation. Sustainable fisheries will deliver benefits to all sectors now and in the future. I remain convinced that this can best be achieved with the use of the QMS.

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7 New Zealand's QMS is one of the world's premier fisheries management systems. While the QMS is a multi-purpose management system, its primary function is to provide for and constrain commercial catch. In doing so, the QMS also ensures the sustainability of stocks while protecting the interests of the non-commercial sectors. I note that submissions with respect to species important to the recreational sector expressed concerns about the allocation of fishing rights to individuals and between fishing sectors.

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8 I am convinced that the most effective means of giving effect to allocation decisions is the QMS. The QMS framework determines the level of sustainable harvest for any stock, taking into account the effects of fishing, and then allowances are made for the non-commercial interests in the fishery prior to deciding on the commercial harvest. It is open to me to consider the interests of each sector during the next stage in the QMS introduction process when I will be determining the Total Allowable Catch (TAC) for each stock and allowances between sectors. However, please note that at this time it is not appropriate for me to make any allocation decisions. Rather, my focus is on making the best decisions about whether or not to introduce the species and stocks in question into the QMS and other matters included in the consultation process.

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Deleted: . It is also nonsensical to seek to create a new management system with many qualities within the QMS and to sit alongside it. Second, the common underlying concern is to ensure that the QMS delivers on its objectives. It is my belief that the efforts of all those involved in fisheries management would be more appropriately directed towards making sure that what we do have works to meet everyone's interests rather than trying to undermine it.

9 Some people have raised concerns about the ability of the QMS to accommodate more stocks, in particular some bycatch stocks; other people have argued that the current management of QMS stocks may be deficient. My overall response to these concerns is twofold. First, I consider some views expressed in submissions regarding the introduction of bycatch stocks into the QMS did not recognise the appropriateness of internalising the true costs associated with commercial fishing. These costs include the need to ensure the sustainability of other components of the aquatic environment that might be affected by commercial fishing. Second, it should be noted that the same fundamental sustainability obligations equally apply to the management of all stocks within and outside the QMS. My decision to introduce into the QMS some bycatch stocks is because the QMS can accommodate the added challenges associated with their management. For example, the QMS already provides for a number of different target levels that can be used to set catch levels for both target and bycatch stocks.

10 The QMS should be fully explored before considering any alternative management systems for bycatch stocks. In that context, I remain committed to introducing more stocks into the QMS, and I continue to advocate management arrangements that make the best use of the QMS, such as fisheries plans led by participant-initiated arrangements. I believe that fisheries plans could be the best forum for addressing concerns about the management of bycatch fisheries. Effort would be better directed in this way, and, therefore, I ask for your cooperation in developing the QMS in ways that best suit the bycatch fisheries.

11 Lastly, I have recently announced my decision in principle to defer the introduction of scampi into the QMS until 1 October 2004. This means that the gazette notice for this species will also be deferred for about one year. My recent decision supersedes my decision earlier this year to introduce scampi into the QMS on 1 October 2003. The reason I reconsidered my earlier decision was to better ensure the integrity of the upcoming Primary Production Select Committee inquiry into certain issues related to this fishery.

However, the questions raised in this inquiry do not change my view that the scampi fishery would be best managed within the QMS.

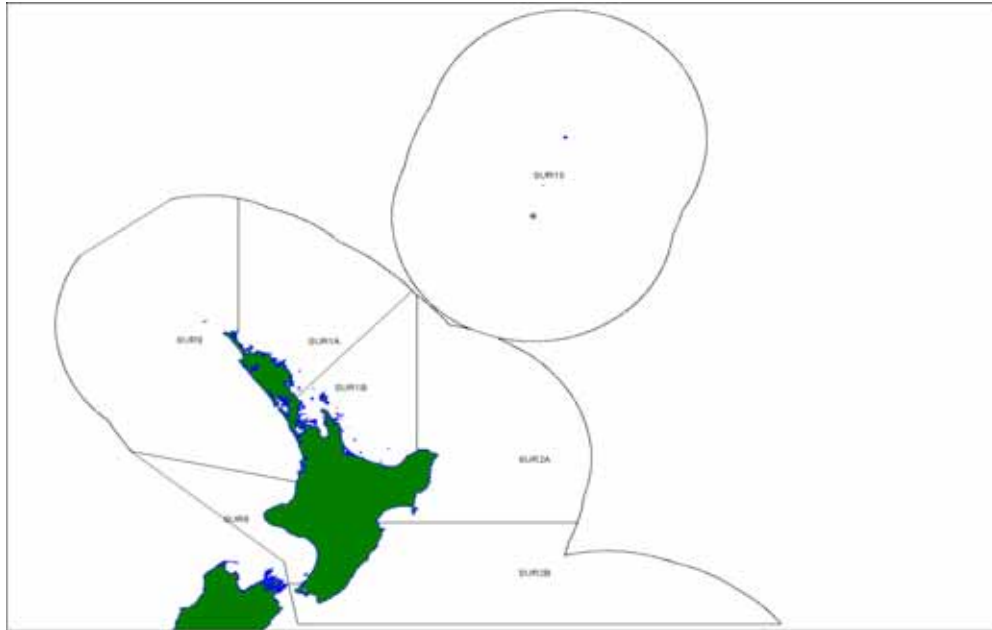
12 The remainder of this letter outlines my decisions on each stock to be introduced into the QMS on 1 October 2003.

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Kina (Northern New Zealand)

- 13 When deciding whether or not to introduce the kina fishery into the QMS and the definition of stock boundaries, it is evident that the QMS will better provide for ensuring sustainability while determining explicit allowances for the interests of each sector. This array of interests is likely to be more extensive in parts of the North Island and, therefore, management on a scale smaller than a standard Fisheries Management Area (FMA) is likely to best address all interests. Providing stock boundaries that facilitate fisheries management objectives at this smaller scale is, in my view, desirable. There would still be sufficient flexibility for commercial fishing activities to be exercised without undue constraint, while retaining the ability to develop appropriate harvesting strategies at this scale. Similarly, kina is not mobile compared to say finfish species where a larger QMA may be appropriate.
- 14 Accordingly, I agree that the rationale for stock boundaries provided in the MFish Final Advice Paper is an appropriate basis for my decisions. Specifically, there are different communities of interests across the North Island, some broad scale distributional patterns of note, and differing oceanographic conditions that may affect growth and/or population structures in different areas. I also agree with MFish that there is insufficient similarity in the distribution and relative abundance of kina compared to paua in the North Island to warrant the same management boundaries for those stocks.
- 15 I have decided to set 7 QMAs, including two within FMA 1, being 1A: East Northland, and 1B: Hauraki Gulf – Bay of Plenty, two within FMA 2, being 2A: Gisborne, and 2B: Wairarapa – Wellington, and one each that encompasses FMAs 8-10. The boundary between QMAs 1A and 1B is based on a line commencing at Te Arai Point extending in a north-easterly direction to the intersection of the Exclusive Economic Zone (EEZ) boundary, as used for the rock lobster fishery. The boundary between QMAs 2A and 2B is based on a straight line extending due east of Napier at latitude 39 degrees 29 minutes to the intersection of the EEZ boundary, as used to separate General Statistical Areas '013' and '014'. Figure 1 outlines the 7 QMAs for the North Island kina fishery.
- 16 I have decided that the fishing year for the North Island kina stocks will run from 1 October to 30 September of the following year, which is consistent with kina stocks in southern New Zealand. This is not in conflict with the seasonal nature of the fishery. The condition of kina roe improves on an annual basis during the early summer. I have also decided to use greenweight as the unit of measure, because the commercial fishery is based on processing of catch once landed, rather than processed on the water.

Figure 1 Quota Management Areas for the Kina Fishery in Northern New Zealand



- 17 I note that some submissions raised other issues in response to the IPP. These issues will be more appropriately considered next year when MFish releases its proposed TACs and allowances for each of the kina stocks.

Kingfish

- 18 In reaching my decision to introduce kingfish into the QMS, I gave careful consideration to the submissions both for and against its introduction. Submissions expressed a high level of interest in the management of kingfish, with widely divergent views between sectors over the approach that should be adopted. I acknowledge that kingfish is a species of particular significance and value to the recreational sector, and that this sector seeks to ensure that future management takes into account its interests. On the other hand, while primarily a bycatch species, kingfish is also important to the commercial sector.
- 19 Submissions point to the fact that active management of kingfish stocks is required. Strong arguments were mounted in recreational submissions for the stock to be managed outside the QMS, involving, in particular, a prohibition on commercial catch of kingfish. However, such arguments were related more to the allocation of stocks between sectors. I note that the ability to balance ACE and commercial catch, thereby avoiding over catch of the TACC, was an issue of particular concern raised in submissions by recreational fishers. A number of recreational submitters opposed the introduction of kingfish into the QMS because of the perception that QMS introduction would create incentives for catch limits to be exceeded. However, the catch-balancing regime provided for in the QMS has a variety of mechanisms to ensure that commercial catch is managed to the level of ACE available for the fishery. I will be open to considering these mechanisms during the next stage in the QMS introduction process when I determine the TAC and allowances for each stock.

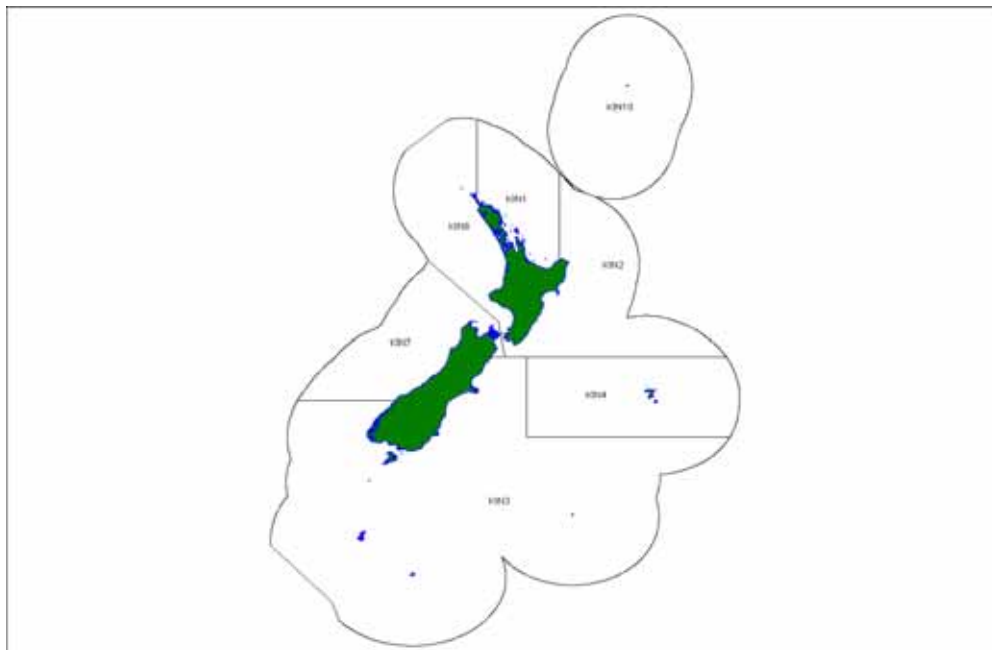
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- 20 I gave careful consideration to the views expressed in recreational submissions that QMAs for kingfish should be small, particularly within FMA 1, in order to avoid local depletion. There is an important distinction between local depletion and stock depletion, and different mechanisms are required to address the effects of each. For example, I believe that the TAC setting process is the primary tool to address stock depletion. Other mechanisms are available to address local depletion effects, including, and preferably, the development of agreements between sectors. The avoidance of local depletion as an objective for setting QMAs for kingfish would be costly to implement; QMAs would have to be very small, perhaps on the scale of reefs or reef complexes.
- 21 Seven key principles were proposed by MFish to determine QMAs. In the absence of clear information on stock boundaries for kingfish, I consider QMAs should be set based on the third key principle that where practicable the QMA boundaries for species taken together in the same fisheries should be aligned. This principle would apply for target and bycatch species and facilitate the management of ACE within the level of the TACC that may be determined for each stock. In the case of FMA 1, snapper and trevally are key target fisheries of which kingfish is a bycatch, and for both these species the QMA extends over the entire FMA 1. This approach is also consistent with the fourth key principle, along with s19(2) of the Fisheries Act 1996, that where practicable the same QMAs should be set for different species. I have accepted advice that a separate QMA around the Chatham Islands should be created for kingfish, which is in line with the fifth key principle.
- 22 I have decided to set seven QMAs for the kingfish fishery, based on the 10 FMAs. Figure 2 outlines these seven QMAs defined as: KIN 1, (FMA 1); KIN 2, (FMA 2); KIN 3, (FMAs 3, 5, 6); KIN 4, (FMA 4); KIN 7, (FMA 7); KIN 8, (FMAs 8, 9); and KIN 10, (FMA 10).

Figure 2 Quota Management Areas for the Kingfish Fishery



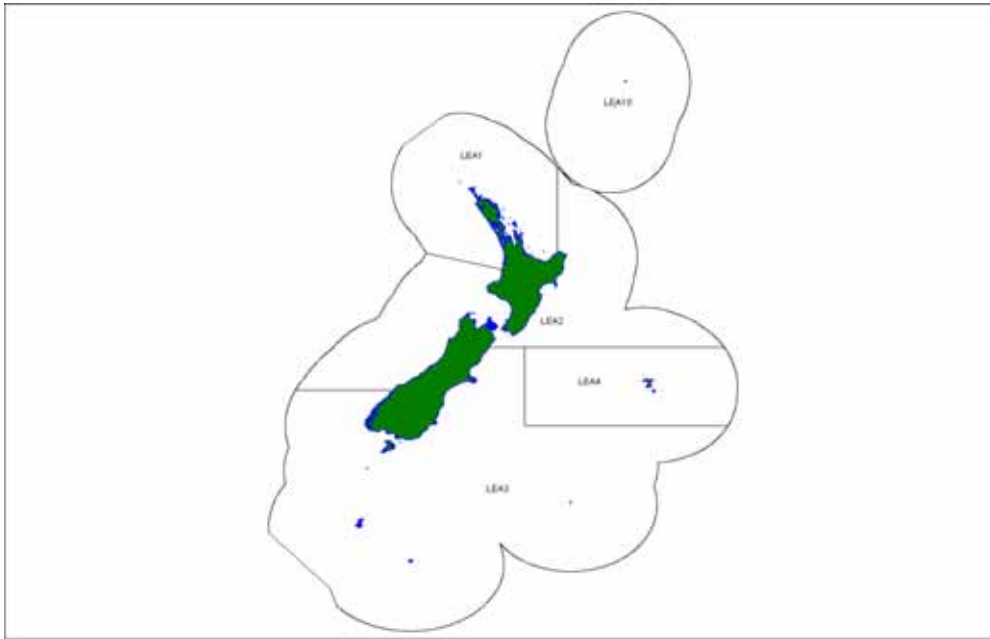
23 I have decided that the fishing year for kingfish will run from 1 October to 30 September of the following year to ensure consistency with other finfish taken in conjunction with this species. The unit of measure for the expression of any TACC and ACE will be in greenweight, as this is consistent with past and current practise in the fishery.

Leatherjacket

24 My views on the management of bycatch species, outlined above, are applicable to the management of leatherjacket.

25 I agree with the MFish rationale that QMS introduction will better ensure sustainability, that the QMAs proposed are reasonable on the basis of other related inshore fisheries, and that larger QMAs might lead to a risk of local depletion. Figure 3 outlines the five QMAs for leatherjacket stocks defined as: LEA 1, (FMAs 1, 9); LEA 2, (FMAs 2, 7, 8); LEA 3, (FMAs 3, 5, 6); LEA 4, (FMA 4); and LEA 10, (FMA 10).

Figure 3 Quota Management Areas for the Leatherjacket Fishery



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26 I have decided that the fishing year for leatherjacket stocks will run from 1 October to 30 September of the following year, which is consistent with the fishing year for other inshore finfish species. There is no characteristic of the fishery that would warrant a different fishing year. I also decided that greenweight will be the unit of measure for the expression of any TACC and ACE. This unit of measure is appropriate given leatherjacket is generally not processed at sea and is landed in an unprocessed state.

Rough Skate (RSK) and Smooth Skate (SSK)

27 I have decided to introduce rough skate and smooth skate into the QMS as separate species, because differences in their biology and fisheries characteristics warrant separate sustainability settings. The main reason for my decision to introduce these two species into the QMS is concern about their sustainability. Skate's reproductive biology, large size and long life span make them susceptible to recruitment failure from over fishing. Several overseas skate fisheries have undergone dramatic population declines as a result of over fishing, and I have noted the concern associated with a possible steady decline in the biomass of smooth skate along the east coast of the South Island during the late 1990s.

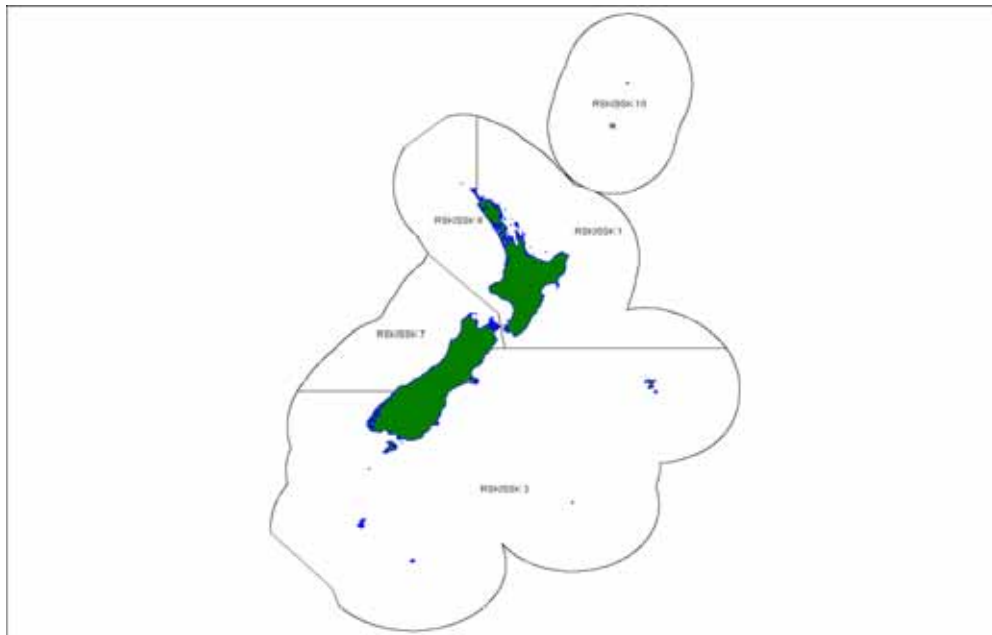
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28 A further reason is that the industry's proposal to retain s89(2)(a) of the 1996 Act, referred to as the "inevitable consequence provision", is not a future management option for the rough and smooth skate fisheries. This provision is transitional and in force only until 30 September 2004. The proposed retention of this provision fails to address the sustainability issues associated with the skate fisheries and the Crown's obligations under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992.

29 Given that multiple stocks of rough and smooth skates may exist, and there is a risk that these stocks might be over fished if managed as a single stock, I have decided to set five QMAs for both species, which are similar to the QMAs for the interrelated stocks, flatfish and red cod. Figure 4 outlines these five QMAs defined as: RSK1, SSK1 (FMA 1, 2); RSK3, SSK3 (FMA 3-6); RSK7, SSK7 (FMA 7); RSK8, SSK8 (FMA 8, 9); and RSK10, SSK10 (FMA 10).

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 <#>The overall economic criterion in the cost-benefit assessment slightly favouring QMS introduction because of the benefits provided by the allocation of a secure, proportional, transferable property right was balanced by the social criterion of the cost-benefit assessment slightly favouring the non-QMS alternative because of the potential risk of negative impact on coastal communities. ¶

Figure 4 Quota Management Areas for the Rough and Smooth Skate Fisheries

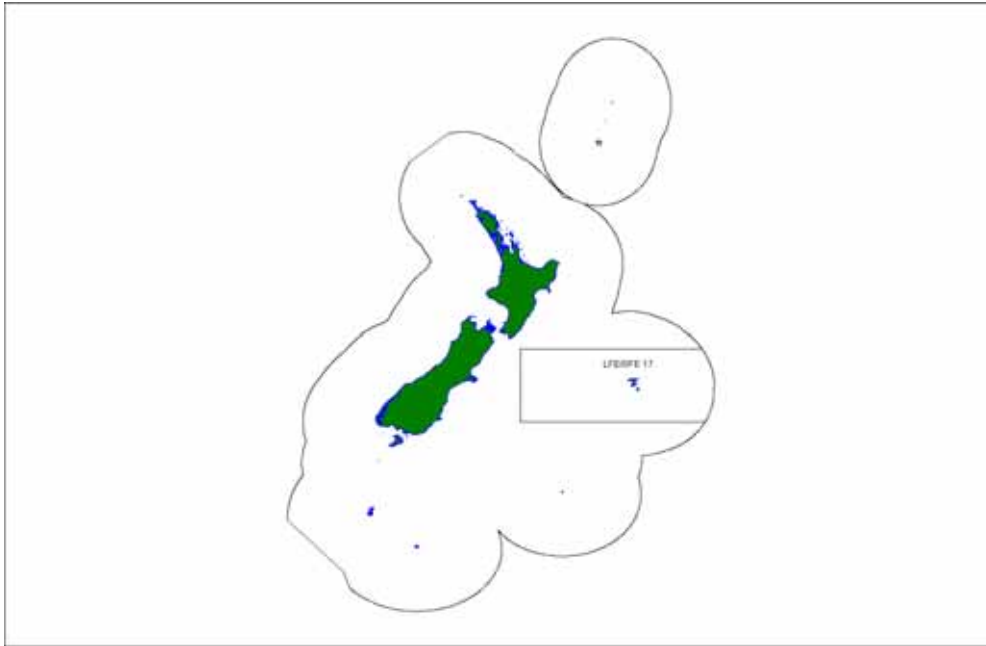


- 30 I acknowledge that TRONT papatipu rünanga are investigating areas of spiritual significance associated with skates and rays, and that MFish intends to liaise with them about these areas and provide information about mechanisms that might be used to achieve their goals.
- 31 There is general agreement that landings of rough and smooth skates reported using the unspecified skate code (SKA) pose problems for the calculation of provisional catch history (PCH) under Part IV of the 1996 Act, and for determining TACs if these species are managed separately. I agree with MFish that the proportion of rough skate and smooth skate caught in trawl surveys is the best available information on which to base PCH, and that the rules used to attribute catch between the species outlined in Table 6 of the FAP (page 132) should be used for the purpose of calculating PCH.
- 32 I have decided that the fishing year for rough and smooth skates will run from 1 October to 30 September of the following year, which is consistent with their associated target fisheries. As this fishing year has historically suited rough and smooth skates, I can see no compelling reason to alter the current fishing year from 1 October to 30 September. Given that greenweight has historically been used for management purposes in the rough and smooth skate fisheries, I see no reason to change this unit of measure when these species are introduced into the QMS.

Short-finned eel (SFE) and long-finned eel (LFE) (Chatham Islands)

- 33 I have decided to introduce the eel fishery at the Chatham Islands into the QMS. The Initial Position Paper (IPP) proposed options in terms of management areas. These options were a QMA based on the existing FMA 4 or a smaller QMA based on the eel statistical reporting area 'AZ'. After considering MFish advice and stakeholder submissions, I have decided to set one QMA based on FMA 4. This is consistent with the South Island QMAs for eels, which also extend to the outer limits of the EEZ. Figure 5 outlines the QMA for the Chatham Islands eel fishery.
- 34 The IPP also sets out options in terms of managing the eel species as separate stocks, or as a single stock. I have decided to manage the shortfin and the longfin eel species separately, with species codes SFE and LFE respectively. The Australian longfin eel, should it be discovered at the Chatham Islands, will be managed with the shortfin eel stock. This approach provides assurance that the Crown will meet its obligation to ensure sustainable use of each species, particularly as the species involved have different life history characteristics that may warrant different sustainability settings.
- 35 Please note that for administrative reasons an amendment will be made to the Fisheries (Declaration of New Stocks Subject to Quota Management System) Notice (No 2) 2002 for the two eel stocks on the Chatham Islands the subject of this notice. The amendment will change the Schedule 1 "Quota management area" reference number from 10 to 4 and the "QMS code" from SFE10/LFE10 to SFE17/LFE17. Figure 5 outlines the QMA for the two Chatham Islands eel stocks.
- 36 I have decided that the fishing year for the Chatham Islands eel fishery will run from 1 October to 30 September of the following year, and the unit of measure will be greenweight. These are consistent with the fishing year and unit of measure for the other eel stocks.

Figure 5 Quota Management Area for the Chatham Islands Eel Fishery



- 37 I note that some submissions raised other issues in response to the IPP. These issues will be more appropriately considered during next year's consultation process when sustainability measures and other management controls for this fishery will be set.

Conclusion

- 38 I believe that on balance, my decisions provide for a fair and equitable outcome and certainty to be applied to the introduction of stocks into the QMS in the future. I would encourage you to contribute to the consultation process for setting TACs and other management measures for the new stocks next year and the process for introducing further stocks into the QMS during 2004.

Yours sincerely

Hon Pete Hodgson
Minister of Fisheries