

1. Preface

Individual Transferable Quota (ITQ) based systems are currently used to manage individual fish stocks in a number of countries including Australia, the United States of America and Iceland. Theoretically, the use of this type of system has a number of benefits including promoting sustainable use of the resources and increased economic efficiency.¹ Yet despite this, to date no other country has used an ITQ based management system as extensively as New Zealand, where the Quota Management System (QMS) is used to manage all significant commercial species.

The unique nature of the QMS has made it a natural case study for the use of quota based systems for resource management and generated international interest, both from researchers and policy makers, in how the system functions and its successfulness in achieving sustainability goals.² However, despite the high level of interest in this system, no single publication details how the system functions and documents the many changes that have occurred since its inception.³

This report addresses this gap by documenting how the QMS functions and the changes that have occurred since its introduction in 1986. Reviewing these changes facilitates a deeper understanding of the system itself, as well as providing insight into its potential limitations. To assist this understanding, challenges that are currently being faced by the New Zealand Ministry of Fisheries, and potential policies to address these challenges, are also briefly discussed to suggest how the QMS may evolve in the future. While this report covers the legislative changes that have occurred in the system, operational changes are not addressed. Therefore this report does not cover issues such as procedures for the monitoring and enforcement of catch levels.

Copies of legislation and schedules are not provided within this report. But both past and present legislation is publicly available online at www.knowledge-basket.co.nz and <http://www.legislation.govt.nz/>. These websites may be of use to the reader as sources of additional information.

The intended audience of this report is individuals who have some understanding of fisheries management, and may even have some familiarity with New Zealand's QMS, but who wish to improve their understanding of the system including how it has evolved to the system that is in place today. Each chapter discusses a different theme and, together, they cover the majority of the elements of the QMS.

Chapters can be read independently if the reader is interested in a particular aspect of the system, but a full understanding of the issues within each chapter is unlikely

¹ ITQ based systems have been championed for resource management by economists for a number of years. Thus, there is a substantial volume of literature discussing the theoretical basis for these systems, including the associated efficiency benefits. As these aspects are already well covered in the literature, they will not be covered in this document. For more information on the economic theory behind ITQ based systems see Anderson (1995) or Batstone and Sharp (1999).

² The QMS has also been the focus of a number of academic studies to assess the implications of an ITQ based system (e.g. Connor 2000, Newell *et al.* 2005a).

³ Partial attempts have been made though, including Straker *et al.* (2002).

without considering related chapters. In some cases there are strong links between chapters and when these occur references are made within the text. However, there are also more subtle links between sections, so it is important to have a general understanding of the system in order to fully understand the issues being discussed.

Information contained within this report has been gathered from a number of different sources including legislation, academic publications and official documents. This has been supplemented by input from individuals who are closely involved with the system, including some of those who were involved in the decision making process when changes occurred. Any mistakes made within the report remain those of the authors.

