

REGULATORY IMPACT STATEMENT

Catch Documentation Scheme for Southern Bluefin Tuna

a. Executive Summary

The Ministry of Fisheries (MFish) proposes regulations to establish a Catch Documentation Scheme (CDS) for southern bluefin tuna, by 1 January 2010. The scheme is required under a resolution agreed by the Commission for the Conservation of Southern Bluefin Tuna at its annual meeting in October 2008. New Zealand's agreement to the proposal has been contingent on consultation with the New Zealand industry and trials of elements of the system. This will ensure that New Zealand's \$7m tuna export industry will continue to have access to lucrative Japanese markets.

b. Adequacy Statement

This Regulatory Impact Statement has been reviewed by MFish's Regulatory Impact Analysis Steering Committee and is considered adequate according to the criteria agreed by Cabinet.

c. Status quo and Problem

New Zealand has been a Member of the Commission for the Conservation of Southern Bluefin Tuna (CCSBT) since its establishment in 1994. Southern bluefin tuna is overfished and internationally has been subject to illegal, unreported, and unregulated (IUU) fishing. There is a need for tighter monitoring of southern bluefin tuna catches and for better information for scientific purposes.

Following discussions at flag state and Commission level since 2006, CCSBT agreed at its annual meeting in October 2008 to implement a CDS for southern bluefin tuna by 1 January 2010.

The scheme incorporates tagging, measurement, and documentation of individual southern bluefin tuna. The CDS will help prevent IUU fishing. Length and weight information for individual fish will also provide valuable scientific data.

New Zealand now has an international obligation to implement the CDS, including through the development of regulations that set out the obligations on fishers, fish processors, importers and exporters.

d. Objectives

The objectives of implementing the CDS in New Zealand are:

- To contribute to overall fishery sustainability by helping ensure global catch limits are not exceeded as a result of IUU fishing;
- To act as an integral monitoring, control and surveillance measure that allows ready identification of legitimately caught fish, while reducing incentives for IUU fishing to occur;
- To improve available information on size structure of the catch, as an important input into stock assessment; and
- To maintain access to markets for New Zealand exports by ensuring we are in line with international practice.

These objectives relate closely to key government objectives for managing fisheries, including:

- The sustainable utilisation of the southern bluefin tuna;
- Maximising the value of the southern bluefin tuna; and
- Credible management of the southern bluefin tuna.

e. Alternative Options

The only alternative option is to not introduce these proposed regulations. However, New Zealand has an international obligation to implement the CDS as agreed at CCSBT in 2008. New Zealand entered this agreement following consultation and trials with the New Zealand industry. Failure to introduce regulations will mean New Zealand caught southern bluefin tuna cannot be exported into Commission countries.

f. Preferred Option

It is proposed to implement the CDS by creating regulations that outline the general requirements for fishers, licensed fish receivers (LFRs), importers, exporters and domestic traders of southern bluefin tuna. Operational details such as requirements for how tags are to be applied, and specific forms to be used, will be specified by instructions issued by the Chief Executive from time to time. The scope of instructions that the Chief Executive may issue will be clearly specified in the regulations, and may include modifications to the original instructions to account for changes agreed amongst members of the CCBST, and also in relation to information from industry about the practicality of scheme components such as tagging.

This approach allows New Zealand to meet its international obligations. Some flexibility is also retained to make operational-level changes to how the system will operate.

Impacts on fishers and/or LFRs include:

- Additional logistical requirements (e.g. the need to obtain approved tags in advance of fishing);
- Some additional time required to process and handle each fish, estimated at five minutes per fish (around six fish may be caught per day);
- The need to record and report on additional reporting forms; and
- Potentially the need to obtain the necessary equipment to accurately measure fish (either on board vessels or at LFRs, but in either case likely low cost).

By implementing the CDS, New Zealand fishers will retain access to their most important markets for southern bluefin tuna (which would not be available if New Zealand did not comply with the scheme). These exports are worth approximately \$7m. New Zealand will also meet an international obligation under the CCSBT.

If the scheme contributes to reducing international IUU fishing, New Zealand fishers will benefit from increases to the stock size of southern bluefin tuna, which is currently at an historic low, in part because of unreported international catches.

The proposal involves the creation of new stand-alone regulations and modifications of various existing regulations. No existing rules would be made redundant, although an existing Trade Information Scheme will be replaced with the broader CDS. The documentation requirements will be in addition to domestic catch reporting requirements.

Both fishers and LFRs might have to change existing fish handling practices to some extent in order to comply with the scheme. However, the changes are relatively minor, since a similar Trade Information Scheme is already in place, and a number of fishers already choose to tag their fish.

Southern bluefin tuna is a high value fishery, and fishers generally attempt to minimise handling in order to maintain fish quality. Applying a tag should be relatively straightforward, and fits within existing practices for at least some fishers. However, measuring fish would require more handling (for example 5 minutes per fish).

Trials undertaken during 2008 indicated that, in most cases, fish will be measured at LFRs, where most documentation will also be filled in. Most southern bluefin tuna is processed in five main LFRs. One of these LFRs has estimated that in busy times, they might require an extra staff member to help with the measuring and documentation requirements. This would not be a full time requirement, but may be necessary over a fairly limited tuna season. Discussions have occurred to date with almost all of the LFRs that process southern bluefin tuna, and they were generally confident they would be able to meet the requirements.

Over the longer term, costs of the CDS will depend on decisions about scheme administration, such as whether or not CCSBT chooses to move to a centrally-administered scheme over time. New Zealand is working with other members of the Commission to ensure the most cost effective tag option is selected. Most data management costs will fall on CCSBT rather than individual countries.

Some costs of tag production and administration of the scheme may ultimately be cost recovered from commercial fishers. At an estimated cost of \$1 per tag, the cost to industry for tagging southern bluefin tuna would be around \$6,000 (based on current catch limit; if a proposed catch limit increase occurs, the cost could be around \$11,000). The allocation of costs would vary between fishers, depending on their quota holdings. As an example, based on current quota holdings, costs per quota holder would have ranged from around \$1 to around \$1,240 (average \$39). If the scheme is administered centrally through CCSBT, costs would likely be lower (around A\$0.30 per tag has been suggested) and would not be recovered from commercial fishers.

It is proposed to implement the CDS by creating regulations that outline the general requirements for fishers, LFRs, importers, exporters and domestic traders of southern bluefin tuna. Operational details such as requirements for how tags are to be applied, and specific forms to be used, will be specified by instructions issued by the Chief Executive from time to time. The scope of instructions that the Chief Executive may issue will be clearly specified in the regulations, and may include modifications to the original instructions to account for changes agreed amongst members of the CCBST, and also in relation to information from industry about the practicality of scheme components such as tagging.

Costs for MFish associated with the scheme include:

- Data entry and management (\$3,000-8,000 per annum);
- Education and support (including provision of equipment if required) (\$2,000-3,000, one-off);
- Updating New Zealand Qualification Authority training for scheme validators (\$3,000-\$4,000, one-off); and
- Tagging costs (\$5,000 - 6,000 per annum – as noted these costs depend on decisions within CCSBT about scheme administration).

In addition, the CDS resolution outlines that members shall undertake an appropriate level of audit to validate the information contained in CDS documentation. The necessary compliance checks will involve modifications to current practices, and may involve the need for re-prioritisation of existing MFish compliance resources.

g. Implementation and Review

MFish has discussed the requirements of the CDS with fishers and LFRs, and proposes to continue doing so in order to ensure all parties are aware of what their responsibilities will be under the scheme.

MFish has already done some work with fishers to trial different tagging options, and further trials will occur in the 2009 season.

Industry have been and will continue to be consulted on details of implementation, including information that will be contained in the Chief Executive notices. This will ensure compliance costs are minimised where possible.

Regulations will be put in place for 1 January 2010. Details of the scheme may change from time to time, following review within CCSBT.

The Commission (including New Zealand as a member state) reviews its operations regularly. Information from the CDS will be a core set of data for fisheries management measures. The capacity for the Chief Executive to modify operational procedures will allow refinement of the scheme.

h. Consultation

Some discussion has already occurred with commercial fishers likely to be affected, including in advance of the CCSBT meeting in October 2008. Preliminary trials have investigated effective methods for tagging (e.g. materials, location of tag).

Consultation has also taken place with interested stakeholder holders and tangata whenua through MFish's mailing list and through publication of the initial position paper on MFish's website. The commercial stakeholder body (SeaFIC) has submitted in support of the CDS and MFish's proposed implementation approach.

Ongoing contact will occur as necessary to ensure fishers and LFRs are aware of their obligations under the scheme, and to receive input into practical details of the scheme, which can be incorporated into the *Gazette* notice that specifies operational requirements for the scheme (e.g. details of tagging).