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Dear Tuna Stakeholders and Permit Holders

FUTURE MANAGEMENT OF HIGHLY MIGRATORY FISH SPECIES

As most of you will be aware, the Ministry of Fisheries has been engaged for some months on a project to improve the management of tuna and other highly migratory fish species. This process has included two consultation rounds—the first considering a range of management options and the second a specific management proposal. The process is now largely completed and the Ministry has provided me with its recommendations. The purpose of this letter is to advise you of my decisions.

In making my decisions I was mindful of the need to bring tuna fisheries into a more effective management framework without hindering potential development, where appropriate, either within New Zealand fisheries waters (the Exclusive Economic Zone and the 12NM Territorial Sea) or beyond. After considering a range of options I have decided that, where management intervention is warranted, the Quota Management System (QMS) is the best option for all tuna species and other highly migratory fish species. Details are set out in the table below.

For species with national allocations determined through negotiations in regional fisheries management organisations (currently only southern bluefin tuna), the QMS will apply both within New Zealand fisheries waters and beyond. For species without national allocations, the QMS will initially apply only within New Zealand fisheries waters.

My decisions at this stage are decisions in principle. Before a final decision is made to bring species into the QMS, there is a separate consultation for each species in which the costs and benefits of QMS introduction are considered along with proposed Quota Management Areas, fishing years and units of measure. For species that I decide to bring into the QMS, there is a further consultation process for considering TACs, TACCs, and other allowances. The Ministry proposes the following species for introduction into the QMS on 1 October 2004: southern bluefin tuna, Pacific bluefin tuna, bigeye tuna, yellowfin tuna, swordfish and some other bycatch species. The s.18 consultation document on these proposals is expected to be released later this month.

I am aware of industry's concern that setting TACCs for New Zealand tuna fisheries prior to New Zealand negotiating national allocations through the Western and Central Pacific Fisheries Commission might constrain potential development of the New Zealand industry. However, I believe that TACCs can be set at levels that will provide greater certainty for fishers and reduce management problems without unduly constraining the catch of species with development potential. Where national allocations do not yet exist, the Ministry considers that TACCs should

be set above recent catch levels to allow the fisheries to develop further unless or until sustainability concerns, allocation between sectors, or other concerns justify some constraints on catch. The Ministry further considers that, where national allocations do not yet exist, setting TACCs in the order of 1.5 times the maximum catch in the most recent five years would provide appropriate incentives for development that maximises long term value to New Zealanders. Note that the Ministry will recommend TACCs only after decisions are made on QMS introductions, based on the provisions of the Fisheries Act and after consultation with stakeholders.

On another matter, the Deed of Settlement and the Fisheries Act 1996 require that 20% of quota for any new species introduced into the QMS be allocated to Maori. Crown Law Office has advised that this obligation also applies to species brought into the QMS beyond New Zealand fisheries waters. To increase certainty for fishers considering investing in fishing beyond New Zealand fisheries waters, it is my intention to recognise catch history of NZ-flagged vessels for the purposes of allocating quota for those fisheries in the future. This will allow the New Zealand fishing industry to develop further the tuna fisheries for which national allocations have yet to be determined.

I have also made decisions on the qualifying years for tuna catch histories that would be used in the allocation of quota. For tunas, unlike for other species, the 1996 Act does not specify the qualifying years and provides no specific guidance for setting them. Submissions to the Ministry on this issue proposed a range of different qualifying years. The Ministry and stakeholders suggested a number of factors to be considered, including the following:

- Use of earlier qualifying years would better recognise those who developed the fishery, while later years would better recognise recent entrants.
- Use of a larger number of qualifying years would take into account the variable nature of tuna fisheries, giving fishers more scope to choose their best 12-month catch period.
- Use of fewer qualifying years would limit the increase in total provisional catch history resulting from some fishers having used different permit entities in different years.
- Use of a larger number of qualifying years would result in a greater reduction of provisional catch history being required to remain within the TACC.
- Use of fewer and the most recent qualifying years would mean more current fishers would have sufficient quota shares to remain in the fishery without purchasing additional quota or Annual Catch Entitlement (ACE). Transaction costs from buying and selling of quota or ACE to maintain existing businesses would therefore be reduced.

Having considered these factors and the advice from the Ministry, I determined the qualifying years for tuna catch history as follows:

- In my letter of November 2002 I advised that, in order to avoid a “race for quota”, the qualifying years would not extend past 30 September 2002.
- There was widespread agreement by stakeholders that the qualifying years should include the most recent fishing year i.e. 2001/02. I agree that it is appropriate to use the most recent year.
- There was strong support for using a minimum of two qualifying years. This ensures that a permit holder is not disadvantaged by a poor catch in a single year.
- It is preferable to maximise the number of qualifying years while avoiding the likelihood of significant reductions in Provisional Catch History (PCH) being required to remain within the TACC.

Considering the Ministry's analysis of unvalidated tuna catch records (validated data are unavailable) and assumptions on possible TACC levels, for some species this meant that a period of two years was possible without the likelihood of significant reductions in PCH being required to remain within the TACC. For other species, it was evident that a three-year period was possible without the likelihood of significant reductions in PCH. Note that use of assumptions on possible TACC levels do not pre-determine the eventual TACC that will be set for any given species.

Applying the above considerations, I have decided to set the catch history qualifying years shown in the table below.

Species	Area in which QMS will initially apply	Catch history qualifying years
Southern bluefin tuna	Within NZ fisheries waters and beyond	2 years: 1 Oct 2000 – 30 Sept 2002
Bigeye tuna	Within NZ fisheries waters only	
Albacore tuna	Within NZ fisheries waters only	
Yellowfin tuna	Within NZ fisheries waters only	3 years: 1 Oct 1999 – 30 Sept 2002
Skipjack tuna	Within NZ fisheries waters only	
Pacific bluefin tuna	Within NZ fisheries waters only	

I am aware that tuna permit holders are concerned about their future access to non-tuna species taken as a bycatch in tuna fisheries. For these species the catch history years specified in the Fisheries Act 1996 apply (1990/91 and 1991/92). While there is no intention to change the qualifying years for catch history for non-tuna species, two further considerations are relevant. First, an individual assessment will be made for each non-tuna species to determine if it should be introduced into the QMS. Second, because those who started tuna fishing after 1992 will receive no provisional catch history for bycatch species, much of the quota for these species will be allocated to the Crown. The policy to date has been to dispose of Crown-held quota by open tender, but I will consider advice from the Ministry on possible alternatives and will take into account tuna industry concerns about continued access to bycatch species.

As indicated in the consultation papers, some minor amendments to the 1996 Act will be required to implement these decisions. In the near future, the Ministry will undertake the necessary work on the required amendments.

A copy of the Ministry's advice paper on management of highly migratory fish species will be posted on the Ministry's website (www.fish.govt.nz).

Yours sincerely

Hon Pete Hodgson
Minister of Fisheries