

REGULATORY IMPACT STATEMENT
Regulatory Amendments to Support Introduction of Redbait into the Quota Management System

a) Executive Summary

On 5 March 2009 the Minister of Fisheries (the Minister) declared, by notice in the New Zealand Gazette, that redbait stocks would be subject to the Quota Management System (QMS) on and from 1 October 2009. The primary rationale for the decision to introduce redbait stocks into the QMS is that he believed the allocation of rights under the QMS will provide a better framework for the sustainable utilisation of the fishery. He believed the rights-based approach to management provides greater certainty for investment and rational development. It will also provide incentives for collective action by rights holders to identify the most efficient solutions for mitigating adverse effects and thereby creating the best opportunity to enable their social, cultural and economic well-being.

MFish proposes two consequential minor regulatory amendments in order to support the introduction of redbait into the QMS. First, the Fisheries (Reporting) Regulations 2001 will need to be amended to incorporate four new redbait reporting codes that will be required to be used by commercial fishers after redbait stocks enter the QMS. Only three of these reporting codes are likely to be used as no fishing is allowed to occur in quota management area 10 which is the fourth reporting code. This is an administrative regulation that applies to all other stocks in the QMS.

Secondly, MFish is proposing that redbait be added to Schedule 5 of the Fisheries Act 1996 (the "Act"). This will allow a person to own quota up to the equivalent of 45% of the combined total allowable commercial catches for every redbait stock. Most of the species that are associated with redbait are already in this Schedule and addition of redbait is consistent with the policy relating to addition of further species to this Schedule.

b) Adequacy Statement

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

c) Status quo and Problem

Redbait stocks will enter the QMS on 1 October 2009. The regulatory proposals addressed by this RIS are consequential to my earlier decision to introduce redbait stocks into the QMS.

Reporting codes

From 1 October 2009 the reporting codes to be used by commercial fishers when completing returns will be different to those currently in use as under the QMS fishers are required to report the exact Quota Management Area (QMA) the stock was taken from. Reporting codes are specified in the Fisheries (Reporting) Regulations 2001 and it is necessary to update these regulations to incorporate the four new reporting codes (RBT1, RBT3, RBT7 and RBT10).

Although currently managed outside the QMS redbait is still taken by commercial fishers, who are required to report it on catch returns and monthly harvest returns. In the case of non-QMS species, where those returns require “fishstock” to be reported, fishers are required to write a three-letter code that corresponds to the species followed by the number of the corresponding fishery management area where it was taken; New Zealand fisheries waters are divided into 10 fishery management areas (1-10).

For redbait the three-letter code is RBT. Fishers are therefore currently required to report RBTxx, where xx can be 1-10 i.e. the corresponding fishery management area where the redbait was caught. When redbait enters the QMS it will be managed as only four fishstocks, which in most cases will combine one or more fishery management areas. The reporting codes of the four fishstocks are RBT1, RBT3, RBT7 and RBT10. From 1 October 2009 only these four codes will be able to be used to complete returns that require “fishstock” to be reported.

Addition to Schedule 5 of the Fisheries Act 1996

Many deepwater QMS species, including those associated with the redbait fishery, are already listed in Schedule 5 of the Act. Listing on this Schedule allows a person to own quota up to the equivalent of 45% of the combined total allowable commercial catches for every redbait stock. It would therefore be inconsistent with the policy guiding the addition of further species to Schedule 5 if redbait were not also added to this Schedule.

If redbait is not added to the Schedule 5 of the Act the default is that a person will only be allowed to own quota weight equivalent up to 35% of the combined total allowable commercial catches. For the fishing industry, this may limit consequential improvements in efficiency associated with increasing economies of scale.

d) Objectives

The objective is to ensure that the regulatory framework in place when redbait stocks enter the QMS on 1 October 2009 is consistent with all other QMS species.

e) Alternative Options

The alternative option is to not introduce these proposed regulations and to maintain the status quo.

f) Preferred Option

With regard to reporting codes, MFish’s preferred option is that the post 1 October 2009 reporting codes for redbait are specified in the Fisheries (Reporting) Regulations 2001. The reporting codes for all other QMS species and the majority of non-QMS species are specified in those regulations and it would be inconsistent if the amended redbait reporting codes to be used from 1 October 2009 were not added as the reporting codes clearly stipulates the QMA that the stock was taken.

The commercial fishing industry is already aware of both my decision to introduce redbait into the QMS and what the four quota management areas and corresponding reporting codes are. Nevertheless MFish will undertake further publicity prior to 1 October. There are no direct costs associated with this proposal. However, vessel operators will have to ensure that all skippers are made aware that redbait will enter the QMS on 1 October 2009 and that there will be changes to the current reporting codes.

Ensuring that the fishing industry is aware of the new codes is vital as fishers will only be able to use one of the four reporting codes depending on where the fish was taken; returns will not be accepted if they contain alternative reporting codes and will be returned for correction. Currently all fishers receive a monthly catch publications issued by FishServe which contains information that fishers are required to know for reporting and other related activities. This publication is paid for the Ministry as part of the contract for delivery of registry services. Therefore we believe that there will be minimal costs to industry.

With regard to quota aggregation, MFish's preferred option is that redbait is added to Schedule 5 of the Act. Redbait meets the policy criteria developed by MFish and agreed to by the Minister of Fisheries in 2006 relating to addition of species to this Schedule. Additionally, many other deepwater species associated with the redbait fishery are already listed in this Schedule in recognition of the fact that substantial investment is required to harvest such species. It is felt that a 45% limit would benefit companies involved in harvesting deepwater species by enabling them to hold enough quota to achieve economies of scale.

There are no direct costs associated with a species being listed on Schedule 5 of the Act.

There are no additional compliance costs associated with either of these proposals as commercial fishers already understand the need to report on the bases of the QMA that the stock are taken. This will therefore require no amendment to systems already in place in the commercial industry. There are no costs associated with allowing quota owners to own additional quota.

For both proposals no existing rules will become redundant, although the reporting codes for redbait will change.

g) Implementation and Review

Review of the Fisheries (Reporting) Regulations 2001 in relation to reporting codes for redbait will only be necessary if the quota management areas for redbait change at some point in the future.

Once listed on Schedule 5 of the Act it is possible to review whether retaining a species on that Schedule is appropriate. A review would likely be initiated by stakeholders.

MFish proposes that both regulatory amendments come into effect at the same time as redbait stocks enter the QMS i.e. 1 October 2009. Stakeholders will be informed on the outcome of these proposals once decisions have been made by Cabinet.

h) Consultation

Stakeholders are aware of the Minister's decision to introduce redbait stocks into the QMS and were consulted on the proposals addressed by this RIS. An initial position paper was sent to MFish's wider stakeholder list and the paper was also available on the MFish website.

All stakeholder submissions that addressed the specific issues supported MFish's proposal. No submissions were received that did not support MFish's proposals.