10 April 2003

Dear Stakeholder

Decisions Regarding Stocks to be introduced into the Quota Management System on 1 April 2003 (Chatham Islands scallop) and 1 April 2004 (Declaration notice)

1 This letter outlines my final decisions on the introduction of further stocks into the Quota Management System (QMS) on 1 April 2003 and 1 April 2004. For April this year, I have made final decisions on the setting of the Total Allowable Catch (TAC) and allowances for the Chatham Islands scallop fishery. For April next year, I have made final decisions on the Quota Management Areas (QMAs), fishing year and unit of measure for the expression of Total Allowable Commercial Catches (TACC) and Annual Catch Entitlements (ACE) for the following species; surf clam (7 species), red crab, king crab (2 species), giant spider crab, sea cucumber and horse mussel.

2 I have deferred my decision on the introduction of the octopus species, *Pinnoctopus cordiformis*, and green-lipped mussel into the QMS, and for the reason outlined below I am not in a position at this time to make a decision regarding deepwater clam and knobbed whelk.

3 Copies of the relevant *Gazette* notices, which set out this information, are available on request from the Ministry of Fisheries (MFish) or can be purchased from Bennetts Bookstores.

4 In reaching my final decisions, I have considered the MFish Final Advice Papers, dated 25 January 2003 and 20 February 2003, which include the 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.

5 I take this opportunity to acknowledge your participation in the MFish consultation processes. I appreciate the amount of work and effort that went into the formulation of your submissions within the timeframe available.

General Issues

6 A number of general issues were raised in submissions in response to the

13 November 2002 consultation document for species proposed for QMS introduction on 1 April 2004. While I am in general agreement with the stance taken by MFish on the issues raised, I believe it is important that I outline my views on some of the key issues.

7 I believe that submissions express increased support for the QMS as the preferred management system for meeting the sustainability and utilisation obligations of the Fisheries Act 1996 (the 1996 Act). I support the QMS because it is the best system for constraining commercial catch while ensuring the sustainability of stocks and allowing for non-commercial interests. I also support the target of introducing around 50 species into the QMS by 2004.

8 In saying that, I note the debate that has occurred regarding the "triggers" for introducing a species or stock into the QMS. MFish advocates the need for active management as being the primary trigger for QMS introduction while some stakeholders advocate the trigger should be the clear identification of management problems in the fishery in question. In my view they are not mutually exclusive; the need for active management may indeed be caused by an identified management problem. More often than not the need to actively manage a species would be due to concerns about stock and/or environmental sustainability that require a constraint on catch. There may also be a need to allocate rights to address a subsequent race for catch. Under these conditions, the QMS would likely prevail as the preferred management system. However, I note that the 1996 Act does not provide clear guidance on the conditions under which a stock should be introduced into the QMS.

9 I share the stated concerns about the rationale put forward for introducing some species into the QMS on 1 April 2004, particularly with regard to the octopus species, *Pinnoctopus cordiformis*, and green-lipped mussel. Submissions raise some valid questions, most of which have been addressed in the Final Advice Paper. However, the issues and questions raised in submissions influenced my decision to defer a decision on the introduction of these two species into the QMS. My reasons for doing so are outlined later in this paper.

10 I note the concerns expressed about the methodology used to assess the costs and benefits of introducing a stock into the QMS. Some stakeholders express concerns about the assumptions used in the methodology, particularly expiration of section 89(2A) of the 1996 Act on 30 September 2004 while the current moratorium on issuing new fishing permits continues. I understand MFish's reasoning for making this assumption, and I agree that assumptions should have a current legal basis. However, because the expiration of section 89(2A) is approaching and more species are being introduced into the QMS, it is timely for further consideration to be given to the relevance of the permit moratorium, which may well cause a change in the assumptions used in future assessments of the costs and benefits of QMS introduction.

11 I am aware that MFish is currently reviewing the cost/benefit methodology to be applied to the species or stocks proposed for QMS introduction on 1 October 2004. While the overall methodology will remain intact, as mentioned, some assumptions may change. I understand that the rationale for proposing QMS introductions will be more transparent and, therefore, easier to comment on in submissions.

12 At this time, I am precluded from signing a *Gazette* notice regarding the introduction of deepwater clam (*Panopea zelandica*) and knobbed whelk (*Austrofusus glans*) into the QMS. The reason is that legal action was instigated to keep these two species from being declared for QMS introduction while awaiting a judicial review decision. Because of the delay in signing the *Gazette* notice it is unlikely these species can be introduced into the QMS on 1 April 2004.

13 The remainder of this letter outlines my decisions on each stock to be introduced into the QMS on 1 April 2003 and 1 April 2004.

Chatham Islands scallop (*Pecten novaezelandiae*)

14 I have decided to set the TAC for the Chatham Islands scallop fishery at 26 tonnes. The consultation document, dated August 2002, sought comment on managing this fishery with the ability for in-season increases to the TAC. This was supported, but stakeholders expressed concerns over the need to ensure cost effective assessments given the size of this fishery. I note that MFish is prepared to work with stakeholders to ensure a cost effective assessment programme is developed, with a view to developing in-season decision-rules. I support this approach.

15 Accordingly, I have agreed for this fishery to be added to the Second Schedule of the 1996 Act. Also, in agreeing that the initial non-commercial allowances originally proposed were too high, I have decided to set the customary and recreational allowances at one tonne each. With a one tonne allowance for fishing related mortality, the TACC will be set at 23 tonnes. The higher TACC, over what was originally proposed, will reduce the need in some years to seek an in-season adjustment and so reduce the costs associated with this process.

16 I have also decided that the stock should be added to two other Schedules, 5A and the Sixth Schedule. The former will provide an exemption to the allocation of additional ACE in case of under-fishing. The other will provide for Chatham Islands scallops to be returned to the sea and will cover the situation when they are taken out of season. Interim and annual deemed values will be set at $14 and $28 a kilogram respectively, and the over-fishing threshold have been set at 5% of a fisher's ACE with a tolerance level of 25 kilograms.

Octopus (*Pinnoctopus cordiformis*)

17 I have decided that the octopus species, *Pinnoctopus cordiformis*, should be managed outside the QMS until more information on species distribution, biology and development potential has been collected and analysed. Therefore, I propose to defer my decision on the introduction of *P. cordiformis* into the QMS, and that it be reconsidered for introduction on 1 April 2005. In light of the available information, I do not believe that any sustainability concerns will arise in the interim.

Green-lipped mussel (*Perna canaliculus*)

18 I have decided to defer my decision regarding the introduction of green-lipped mussel into the QMS for two reasons. First, subsequent to the release of the 13 November 2002 consultation document, MFish has reconsidered some of the assumptions made about the Aquaculture Law Reform, thus changing the basis to the

proposal for QMS introduction. Second, several submissions seek further clarification regarding the proposal to introduce green-lipped mussel in all its life stages into the QMS. Submissions express confusion regarding the relationship between the management of green-lipped mussel within both the QMS and aquaculture legislation. I acknowledge that there is a need for further consultation to provide adequate information for stakeholders to make meaningful comment.

19 I understand a revised proposal for introducing green-lipped mussel into the QMS will be included in the forthcoming consultation document for species proposed for QMS introduction on 1 October 2004. This will allow MFish to provide stakeholders with a more detailed account of the management of green-lipped mussel within the QMS and its relationship to the proposed reform of aquaculture legislation and provide an opportunity for responses to be made. Another assessment of the costs and benefits of introducing green-lipped mussel into the QMS will be included in the revised proposal, thus providing an opportunity to consider some of the concerns raised by submitters about the initial assessment.

20 I acknowledge that stakeholders are concerned about what implications the introduction of green-lipped mussel might have for them. However, I consider deferring my decision is the best course of action to take at this time.

Surf clams

21 I have decided to manage the seven species of surf clam as separate species within the QMS. These seven species include: frilled venus shell, *Bassina yatei* (BYA); ringed dosinia, *Dosinia anus* (DAN); silky dosinia, *Dosinia subrosea* (DSU); trough shell, *Mactra discors* (MDI); large trough shell, *Mactra murchisoni* (MMI); deepwater tuatua, *Paphies donacina* (PDO); and triangle shell, *Spisula aequilatera* (SAE). I believe there are sufficient differences in terms of distribution and abundance of these species to warrant them being managed separately.

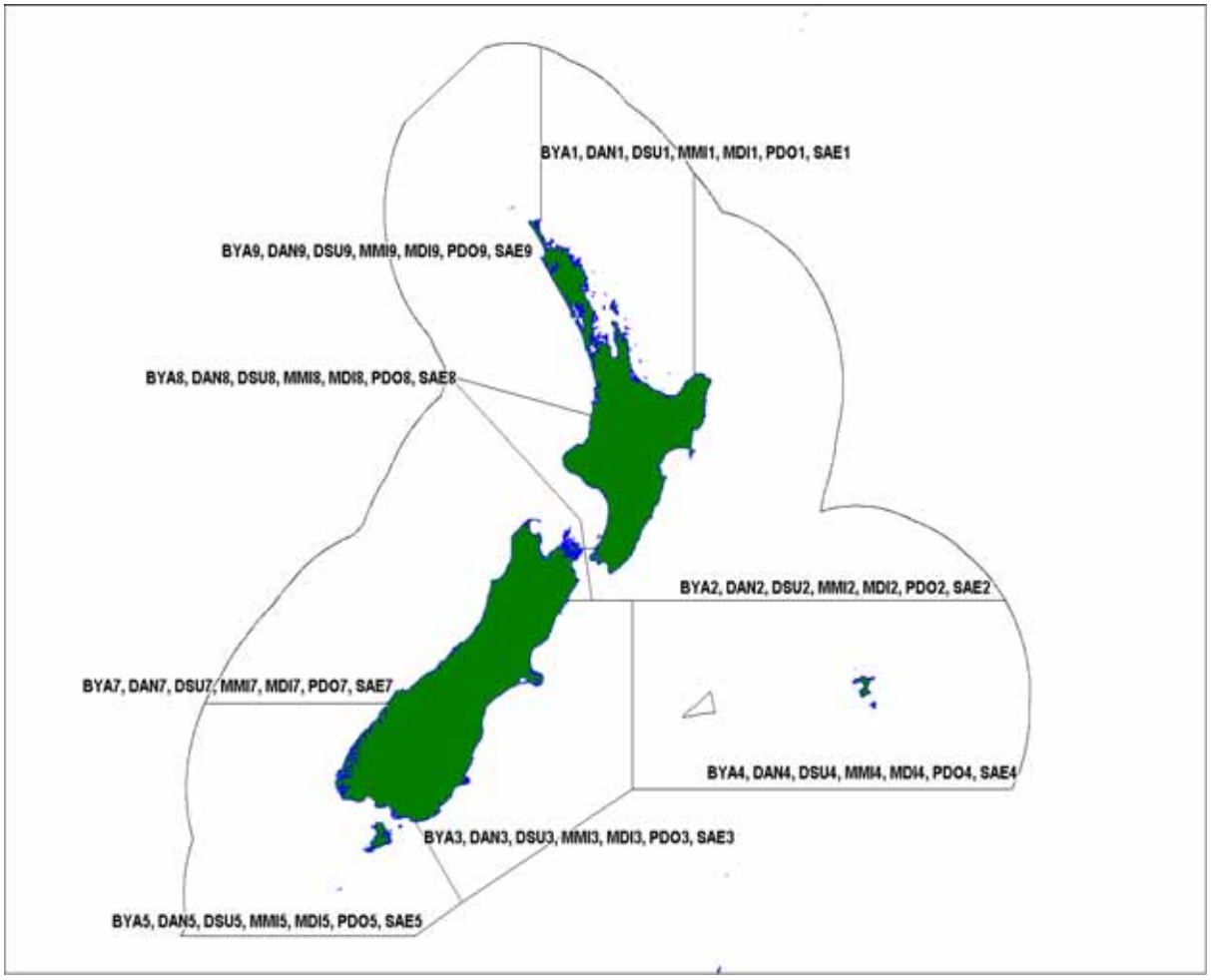
22 Surf clams support major fisheries overseas, and there are already known export markets for surf clams (although not specifically New Zealand surf clams). The likely export price for this species makes it a relatively high value commercial fishery, and there is considerable commercial interest. QMS introduction will allow new entrants into the fishery and existing participants will have secure rights on which to base future investments.

23 While the preferred scale of management of surf clams may be small, I consider that, at least initially, QMAs should provide the boundaries within which surf clam quota holders and other stakeholders can adaptively move to smaller stock management over time, if required, using fisheries plans, alteration of QMAs and other tools within the 1996 Act. Therefore, I have decided QMAs for the seven surf clam species should be based on existing FMAs, excluding FMAs 6 and 10. The eight QMAs for each of these species are outlined in Figure 1 and defined as follows:

BYA1	DAN1	DSU1	MMI1	MDI1	PDO1	SAE1	(FMA1)
BYA2	DAN2	DSU2	MMI2	MDI2	PDO2	SAE2	(FMA2)
BYA3	DAN3	DSU3	MMI3	MDI3	PDO3	SAE3	(FMA3)
BYA4	DAN4	DSU4	MMI4	MDI4	PDO4	SAE4	(FMA4)

BYA5	DAN5	DSU5	MMI5	MDI5	PDO5	SAE5	(FMA5)
BYA7	DAN7	DSU7	MMI7	MDI7	PDO7	SAE7	(FMA7)
BYA8	DAN8	DSU8	MMI8	MDI8	PDO8	SAE8	(FMA8)
BYA9	DAN9	DSU9	MMI9	MDI9	PDO9	SAE9	(FMA9)

Figure 1 Quota Management Areas for the surf clam fishery



24 I have decided that the fishing year for the seven species of surf clam will run from 1 April to 31 March, which is consistent with other target shellfisheries. Given that greenweight has historically been used for management purposes in the surf clam fishery, I see no reason to change this unit of measure when these species are introduced into the QMS.

Red crab (*Chaecon bicolour*), king crab (*Lithodes murrayi* and *Neolithodes brodiei*) and giant spider crab (*Jacquinotia edwardsii*)

25 I have decided to introduce red crab, king crab (two species as a single stock), and giant spider crab into the QMS, as I believe this will allow for rational future utilisation of these fisheries on a sustainable basis, without the risk of uncontrolled development that is associated with an open access regime outside the QMS.

26 The limited information available on the distribution and relative abundance of these species suggests that smaller, more localised QMAs might give rise to inflexibility or unnecessary administrative costs that are not warranted at this time. The use of fisheries management tools available under the 1996 Act, including fisheries plans and section 11 sustainability measures, can be used to refine the management areas and arrangements of any fishery that might develop within the respective QMAs established.

Red crab

27 I agree with the ten QMAs proposed by MFish for red crab as outlined in Figure 2 and defined as follows: CHC1 (FMA1); CHC2 (FMA2); CHC3 (FMA3); CHC4 (FMA4); CHC5 (FMA5); CHC6 (FMA6); CHC7 (FMA7); CHC8 (FMA8); CHC9 (FMA9); and CHC10 (FMA10).

28 I have decided that the fishing year for red crab will run from 1 April to 31 March to be consistent with other shellfish species and the other deepwater crabs being considered for QMS introduction.

29 The unit of measure for red crab will be greenweight, as the species is typically landed in a whole state.

King crab

30 I agree with the ten QMAs proposed by MFish for king crab as outlined in Figure 3 and defined as follows: KIC1 (FMA1); KIC2 (FMA2); KIC3 (FMA3); KIC4 (FMA4); KIC5 (FMA5); KIC6 (FMA6); KIC7 (FMA7); KIC8 (FMA8); KIC9 (FMA9); and KIC10 (FMA10).

31 I have decided that the fishing year for king crab will run from 1 April to 31 March to be consistent with other shellfish species and the other deepwater crabs being considered for QMS introduction.

32 The unit of measure for king crab will be greenweight, as these species are typically landed in a whole state.

Giant spider crab

33 I agree with the six QMAs proposed by MFish for giant spider crab as outlined in Figure 4 and defined as follows: GSC1 (FMAs 1, 2, 7, 8, 9 combined); GSC3 (FMAs 3, 4 combined); GSC5 (FMA5), GSC6A (that portion of FMA6 enclosed by boxes that reflect the distribution of giant spider crab around sub-Antarctic Islands); GSC6B (remainder of FMA6, excluding GSC6A); and GSC10 (FMA10).

34 I have decided that the fishing year for giant spider crab will run from 1 April to 31 March to be consistent with other shellfish species and the other deepwater crabs that will be introduced into the QMS.

35 The unit of measure for giant spider crab will be greenweight, although the species is likely to be processed at sea and conversion factors might be required.

Figure 2 Quota Management Areas for the red crab fishery

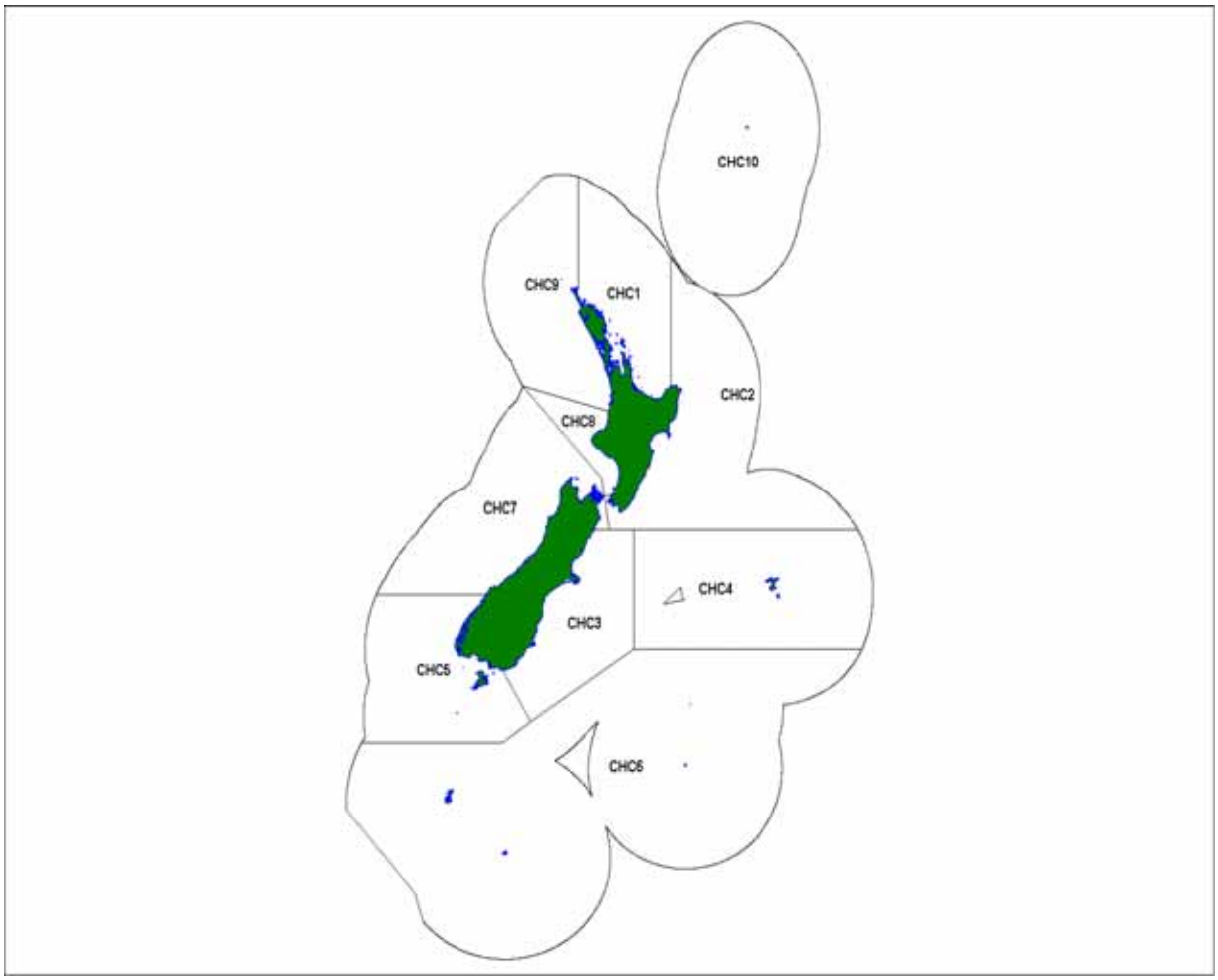


Figure 3 Quota Management Areas for the king crab fishery

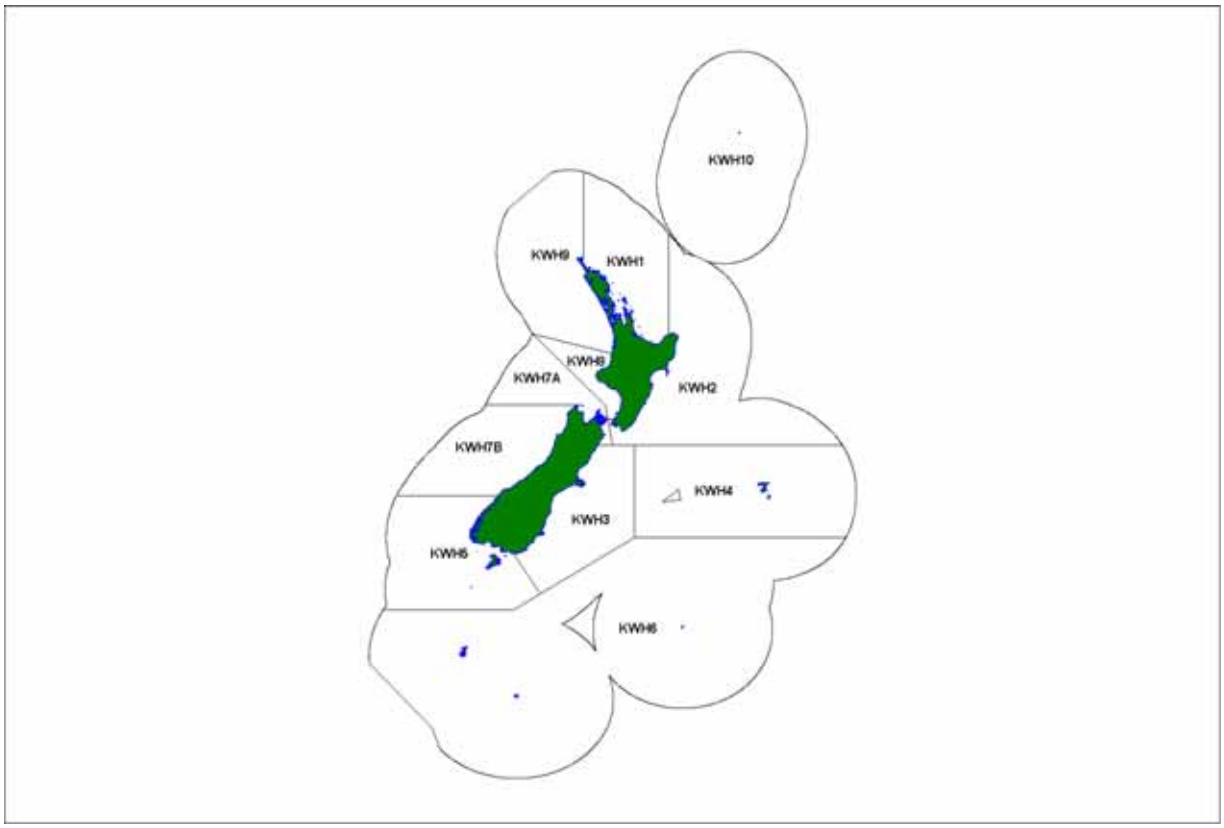
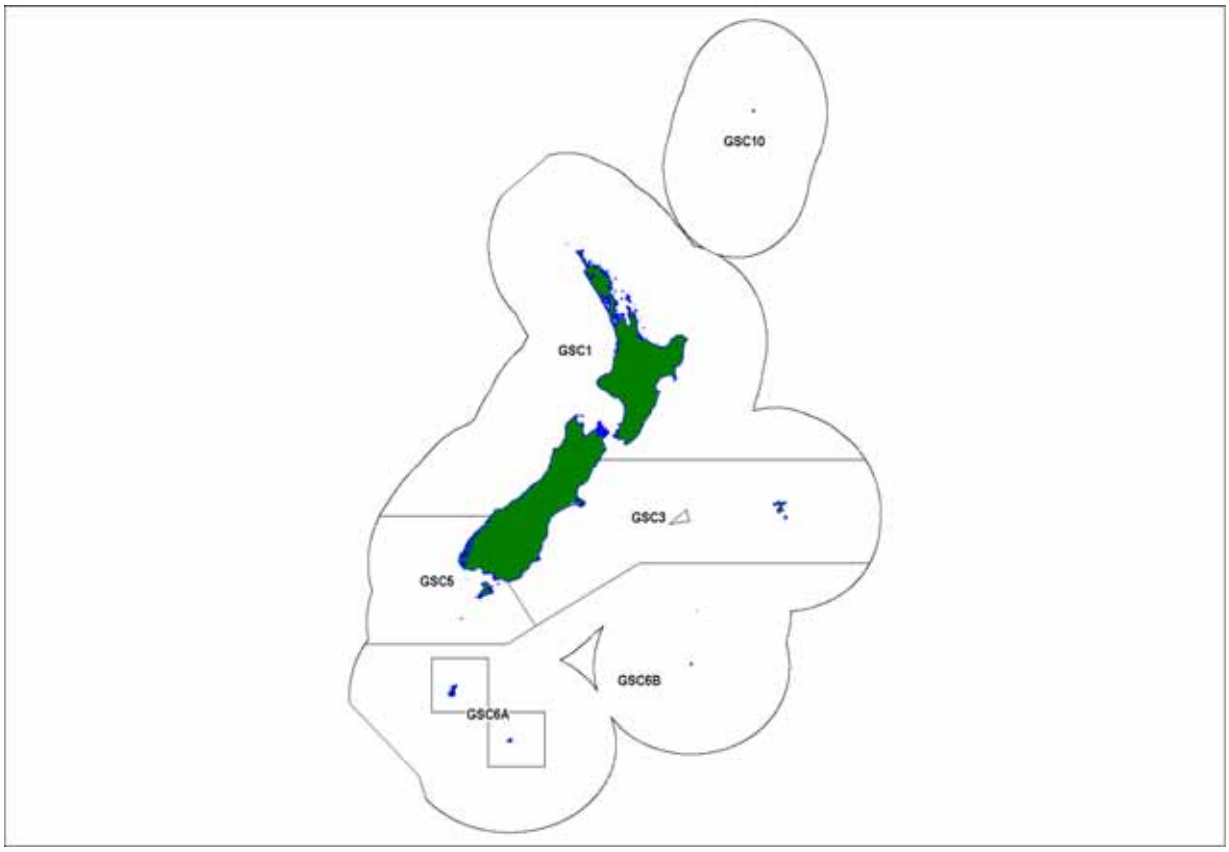


Figure 4 Quota Management Areas for the giant spider crab fishery



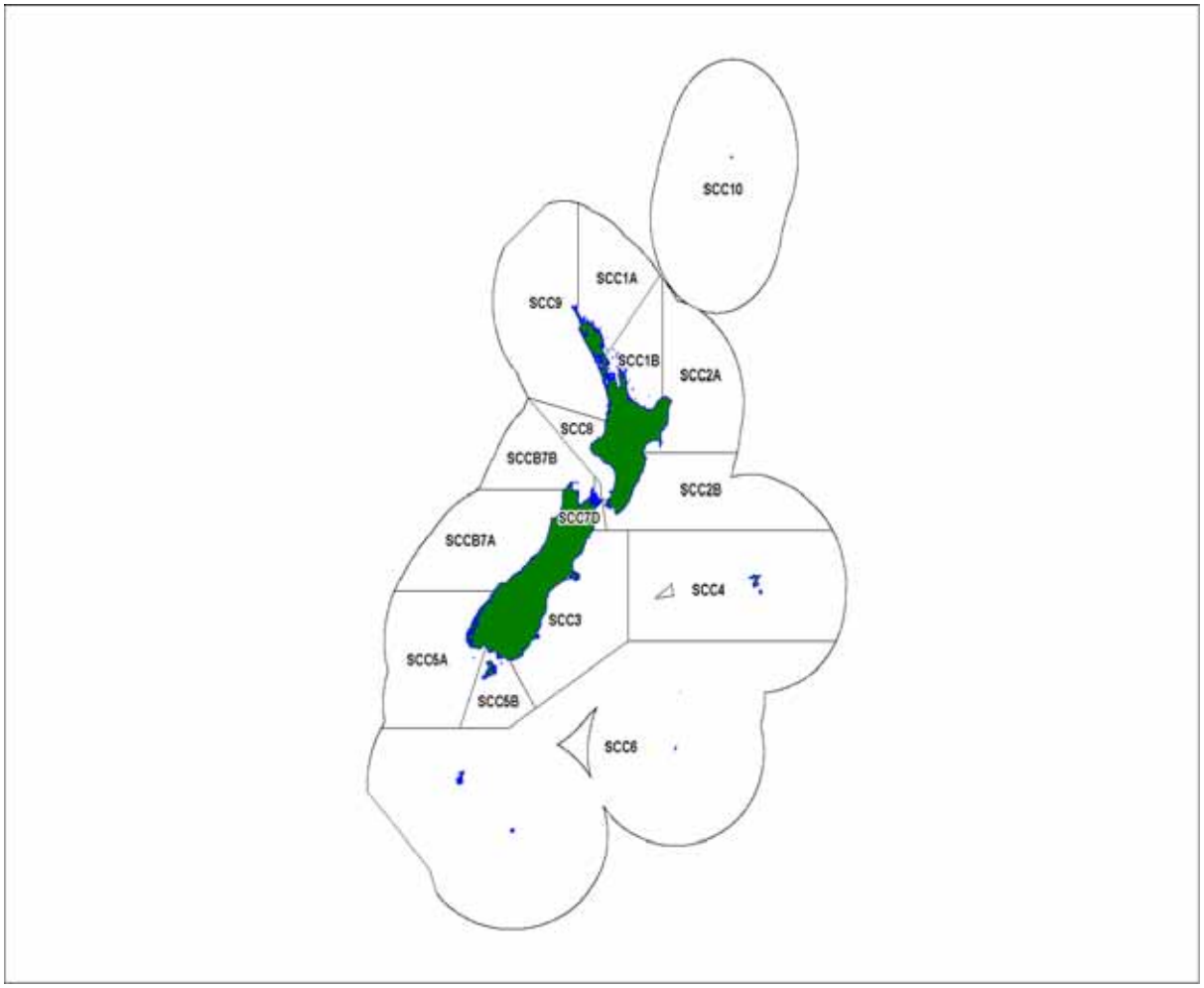
Sea cucumber (*Stichopus mollis*)

36 I have decided to introduce sea cucumber into the QMS. I note that there is some potential for development of the sea cucumber fishery, which has been limited by the permit moratorium. I agree with the MFish rationale that QMS introduction will better ensure sustainability while allowing for the development of this fishery.

37 Sea cucumber is largely a sedentary, shallow water species and therefore susceptible to serial depletion, like paua and kina. I note that there is no information to determine if separate biological stocks exist. I am, therefore, of the view that sea cucumber is best managed at a smaller scale than standard FMAs. Accordingly, I have decided to set fifteen QMAs for the sea cucumber fishery as outlined in Figure 5. The QMAs are defined in the Final Advice Paper (pp. 202-3). These smaller QMAs provide sufficient flexibility for commercial fishing activities to be exercised without constraint, while retaining the ability to develop appropriate harvesting strategies at this scale.

38 I have decided that the fishing year for the sea cucumber fishery will run from 1 April to 31 March, and the unit of measure will be greenweight.

Figure 5 Quota Management Areas for the sea cucumber fishery



Horse mussel (*Atrina zelandica*)

39 Horse mussels are found in a range of muddy-sandy habitats from the lowest intertidal out to deeper water (to 50 metres). Horse mussel beds are important for providing shelter and refuge for small invertebrates and fish. Horse mussels also act as surfaces for the settlement of encrusting organisms such as sponges and soft corals, thereby enhancing biodiversity within horse mussel beds. Because of these widespread effects on ecosystem structure and function, I consider that it is appropriate that horse mussel should be introduced into the QMS.

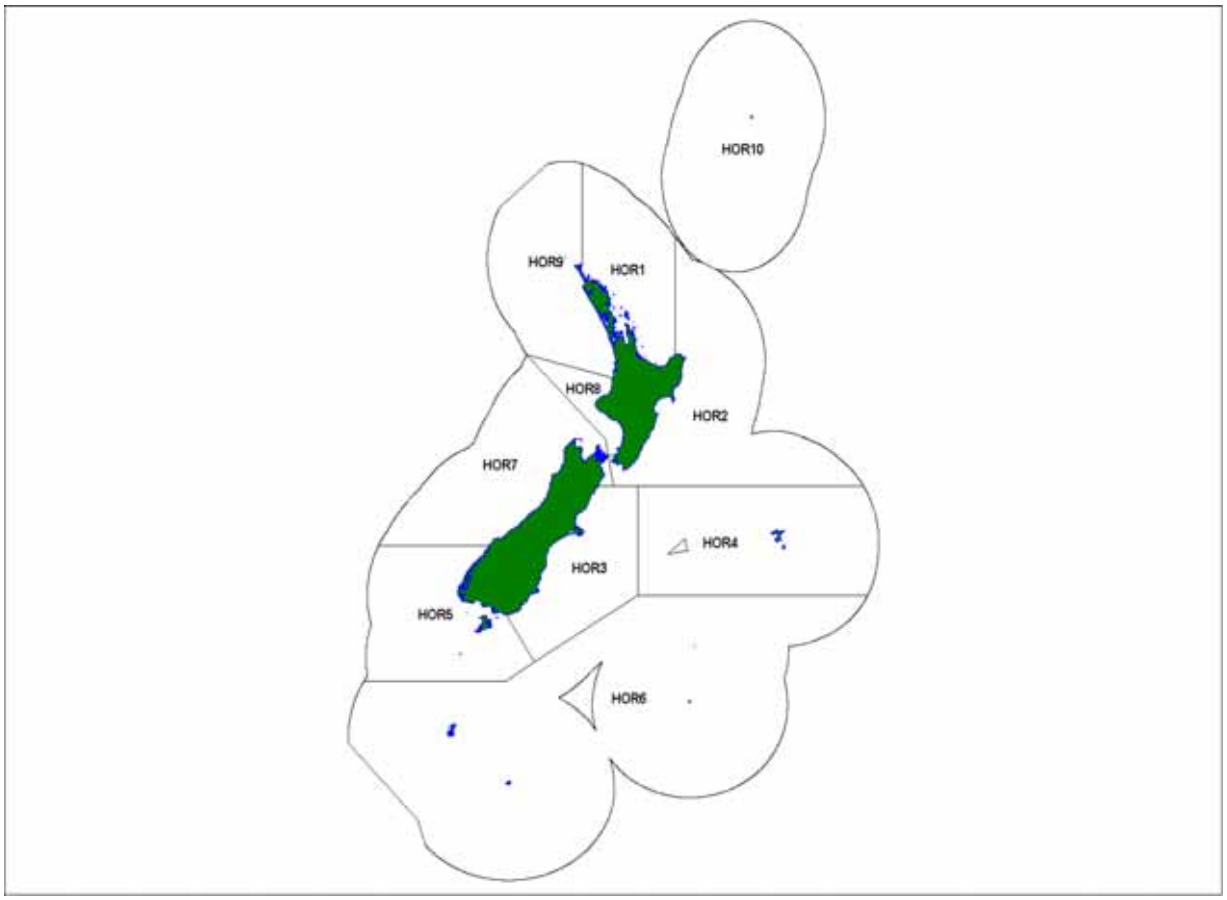
40 The QMS offers the best way to control harvest generally and provides a better framework for the management of multi-species issues than that available outside the QMS. I consider that harvesting rights established under the QMS and the catch-balancing regime will enable better management and protection for horse mussels and the associated benthic communities. The QMS also provides the best means of ensuring that any development of the fishery and its impact on the aquatic environment are sustainable, without the risks of uncontrolled development that might occur in an open access regime outside the QMS.

41 Since not a lot is known about the reproductive biology of horse mussels, and because there is no quantitative information on regional variations in abundance of this species, I have decided to use the full ten FMAs as the QMAs for horse mussel as outlined in Figure 6 and defined as follows: HOR1 (FMA1); HOR2 (FMA2); HOR3 (FMA3); HOR4 (FMA4); HOR5 (FMA5); HOR6 (FMA6); HOR7 (FMA7); HOR8 (FMA8); HOR9 (FMA9); and HOR10 (FMA10). These ten QMAs will allow for the possibility that there may be more than one biological stock and will help to avoid the impact of any localised depletion through too much of the catch coming from a small part of the stock.

42 I have decided that the fishing year for horse mussel stocks will run from 1 April to 31 March. This is consistent with the fishing year for other inshore shellfish species.

43 I have also decided that greenweight will be the unit of measure as this is consistent with past and current practice in the fishery.

Figure 6 Quota Management Areas for the horse mussel fishery



Conclusion

44 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 this year, and the process for introducing further stocks into the QMS.

Yours sincerely

Hon Pete Hodgson
Minister of Fisheries