

Dear Stakeholder

Review of Sustainability Measures and Other Management Controls for the 2007-08 Fishing Year

This letter outlines final decisions in the review of sustainability measures and other management controls for the 2007-08 fishing year.

I have made decisions regarding the management of a number of fishstocks and the deemed values that apply to commercial fishers. All changes to Total Allowable Catches (TACs), Total Allowable Commercial Catches (TACCs), and deemed value rates will take effect on 1 October 2007.

I would like to take this opportunity to acknowledge all submissions received in this year's review. I appreciate the time and effort taken by all submitters to prepare submissions on the various proposals. The information within these submissions was valuable in my consideration of each proposal.

In reaching my final management decisions for 2007-08, I carefully considered the available information from the Ministry of Fisheries (MFish), and all of the issues and information put forward in submissions on each proposal within the review.

I also had careful regard to the relevant legislative provisions for each of the proposals within the review. A summary of the sustainability decisions for 2007-08 and a summary of deemed value decisions for 2007-08 are attached.

A copy of MFish's Final Advice Paper (FAP) is available on MFish's website at www.fish.govt.nz.

Hoki: HOK1

I have decided to reduce the hoki (HOK1) TAC for the 2007-08 fishing season from 101,040 to 91,040 tonnes, and to set a TACC of 90,000 tonnes.

	2006/07	2007/08
TAC	101 040	91 040
Recreational allowance	20	20
Customary allowance	20	20
Other sources of fishing-related mortality	1 000	1 000
TACC	100 000	90 000
<i>Requested eastern stock limit</i>	60 000	65 000
<i>Requested western stock limit</i>	40 000	25 000

I also request industry to alter the voluntary catch split arrangement so that 65,000 tonnes (approximately 72% of the TACC) is harvested from the eastern stock and the remaining 25,000 tonnes (approximately 28% of the TACC) is harvested from the western stock. The current requested limit for the eastern stock is 60,000 t. I further request that the additional 5,000 tonnes to be harvested from the eastern stock is taken from Cook Strait.

In reaching my decision on the TAC I have considered the recent stock assessment for hoki, advice from MFish and the range of views received from stakeholders. I have also given careful regard to the legislative provisions and my obligations under the Fisheries Act 1996.

The recent stock assessment for hoki indicates that the western stock is currently below B_{MSY} (15-24% B_0) and the combined HOK1 stock is also below B_{MSY} (25-29% B_0). Therefore I am required under the Act to bring about a rebuild of the hoki fishery so that the fishery is restored to at or above B_{MSY} . The way and the rate this rebuild is achieved is at my discretion but I am required to have regard to the relevant social, cultural and economic factors I consider relevant when making my decision.

I recognise that hoki is a recruitment-driven fishery and that in the absence of good recruitment, which has been the case in the western stock since 1995, a rebuild will only be achieved through a reduction in catch on the western stock. I am confident the TAC and TACC decisions will effect an appropriate rebuild within an acceptable timeframe.

Reducing catch on the western stock while maintaining the existing TACC will result in additional fishing pressure on the eastern stock. This could adversely affect juvenile hoki on the Chatham Rise and lead to further stock recovery implications since it may reduce the number of juvenile hoki that eventually join the western spawning stock.

Therefore, I believe a TAC reduction of 10,000 tonnes is appropriate. It will result in the necessary reduction in catch on the western stock, will reduce the risk associated with additional catch on the eastern stock and will initiate a rebuild of the entire HOK1 stock. I also believe that setting the TAC at 91,040 tonnes will prevent the stock biomass from declining further and will put the hoki stock in a better position to benefit from improved recruitment should it occur in the future.

My primary concern is to reduce fishing pressure on the western stock, and I have decided to effect this through a combination of a TAC and TACC reduction, and a shift of some fishing pressure from the western to the eastern stock. I also request that 5,000 tonnes of fish currently harvested from the western stock be taken from Cook Strait, as part of the eastern stock.

I believe that this modest increase in harvest from the eastern stock will not materially affect the status of the eastern stock, which at 37 to 51% B_0 is currently above the target biomass. I have asked MFish to closely monitor the integrity of the catch split, and if there is an overrun in the western limit (i.e. catch significantly greater than 25,000 tonnes), then I will be looking at what additional sustainability measures are available to me to ensure a rebuild occurs, for instance splitting the QMA. I am encouraged by the performance of the fishery this year, where catches on the western stock appear to be much closer to the requested limit – and represent a substantial reduction in the catch over the past few years.

By electing to shift harvest from the western to the eastern stock, I have attempted to mitigate some of the economic consequences that would have otherwise arisen by a greater TACC reduction, while ensuring the sustainability of the fishery.

I believe it is desirable to ensure that there is no increased fishing pressure on the Chatham Rise, as this may affect juvenile hoki and their ability to recruit to either of the eastern or western spawning stocks. Harvesting this extra hoki from the Cook Strait will give more protection to the juvenile hoki.

I recognise that the option I have chosen is not one of the options proposed by MFish and consulted on with stakeholders. However, it is within the range proposed in the initial position paper, and I have selected an approach that I believe better balances sustainability – the need to rebuild the western stock – with utilisation – primarily the economic impacts of a reduction.

I recognise that some in industry have supported a greater TAC and TACC reduction than will result from my decision, but the purpose of the Fisheries Act 1996 requires me to provide for utilisation of fisheries resources while ensuring sustainability. Reducing the TACC below 90,000 tonnes would have significant socio-economic implications for the deepwater sector. I believe the sustainability risks to the hoki stock are sufficiently mitigated at this time with a TAC of 91,040 tonnes (and a corresponding TACC of 90,000), at this time, as long as the catch split has integrity.

I have requested that MFish continue to monitor recruitment in the hoki stock. Further management actions will be taken, depending on how the stock responds in the future.

I have requested MFish develop a rebuilding plan to restore the western stock to B_{MSY} within a reasonable time-frame, with options for various timeframes. The development of a fisheries plan is the logical place for this to occur. We must all work together to do as much as possible to ensure that this happens. Furthermore, the recent MSC re-certification of hoki specifically noted the need for a rebuilding plan.

I considered the reports from industry and MFish that suggest there have been good hoki catches, both in terms of size and in terms of volume, from the fishery this year. However, I believe this is not evidence of a faster rebuild than expected, but it indicates recruitment has improved. Furthermore, it would be inappropriate for me to use the uncertainty around the status of the stock raised by this season's catch and catch rates to delay taking action. We need to ensure that the rebuild occurs, and this means allowing more young fish to survive to spawn. What the performance this year suggests is that should the fishery rebuild to the target level, it will produce large fish in substantial aggregations, and once again provide a solid foundation for the New Zealand fishing industry.

I welcome the recent efforts of the deepwater fishing industry, in collaboration with MFish, to improve at-sea management of the hoki fishery through a range of voluntary initiatives. These initiatives will be an integral part of any future rebuild programme for HOK1.

I am also confident that the increase to the deemed value rates for hoki for the coming fishing season will ensure that catch remains within the limit of the TAC and TACC.

Squid: SQU1T

I have decided to retain the existing SQU1T TAC and TACC of 44,740.88 tonnes for the 2007-08 fishing season. In reaching my decision I have taken into account advice from MFish and the widespread support from stakeholders for retaining the status quo.

I understand that some members of industry had initially requested a more permanent TAC increase so as to remove the effort and uncertainty they consider is associated with seeking an annual in-season increase.

I recognise that as a stock managed under section 14, and therefore on the 3rd Schedule of the Act, the option to seek an in-season increase to the SQU1T TAC is an important utilisation component of the current management regime. I also recognise that the squid management approach could be made more efficient. I have therefore directed MFish to work with stakeholders to ensure a process is in place for the coming season that will allow for a timely and flexible consideration of an in-season increase. I believe this will address the concerns that industry have raised and is a viable alternative to my approving a permanent increase to the TAC and TACC. For this reason I have decided to retain the existing TAC for the 2007-08 season.

I also acknowledge the concerns that environmental NGOs have expressed in their submissions over the levels of seabird captures in the SQU1T fishery. I appreciate that this has been a serious problem in the squid fishery but I also recognise the efforts in recent years by the deepwater fishing industry to effectively mitigate interactions between squid trawl vessels and sea birds. I believe good progress has been made in

this area and I encourage both industry and NGOs to continue to work with government to make further improvements.

Rubyfish (RBY8)

The TAC for several rubyfish stocks, including RBY8, was reviewed in 2006 as part of the review of the sustainability measures for several stocks that were introduced into the QMS in 1998 and 1999. MFish had intended to advise me that that the preferred option for the RBY8 stock was to set a TAC and TACC of 5.5 tonnes, which would be rounded up to 6 tonnes. However an administrative error in the FAP listed the proposed new TAC and TACC for RBY8 as being 55 tonnes. This error was not noticed until the 55 tonne TAC and TACC had been gazetted.

I have decided to set the TAC and TACC for RBY8 at 6 tonnes, the figures that MFish had intended to include in the advice paper provided to me in September 2006. I have also decided to provide zero allowance for non-commercial fishing interests and other sources of fishing-related mortality.

I am making this decision under section 13 of the Interpretation Act 1999, which allows me to correct an error in a previous exercise of my powers under the Fisheries Act 1996.

Orange Roughy (ORH1)

The TAC options before me were to leave the fishery where it is (1,470 t), to reduce it by 18% to 1,208 t, or reduce by 38% to 914 t. I have decided to reduce the TAC to 914 tonnes, and the TACC to 870 tonnes.

I reviewed all the material in the FAP. This was a very difficult decision. I have given careful regard to the legislative provisions and my obligations under the Fisheries Act 1996. I understand the degree of uncertainty that surrounds the current status of the stock, and the effect that harvesting may be having on stock size and distribution. I also understand the likely economic implications of the range of options presented to me.

Some submissions argued that the current TAC and TACC are appropriate, given that there is no sign of immediate sustainability concern, the geographic extent over which orange roughy is fished within ORH1, and the potential existence of orange roughy in unexplored or unexploited areas of ORH1. Their preference is to maintain the current catch limits, and to instead focus on the development of a well-designed and structured fishing programme to ensure the careful development and management of the fishery.

I do not find these arguments convincing. While I understand that there appears to be no imminent threat, I am alarmed by the possibility that a serious and irreversible sustainability problem may not be detected before it is too late. The low productivity of orange roughy, its aggregating behaviour, and the litany of orange roughy management failures around the world have convinced me that caution in favour of sustainability is the responsible course of action.

I believe that in this instance, the lack of information on stock levels requires me to take firm action. I have balanced my desire to reduce the sustainability risk with the

very real and immediate economic consequences. My preference is to be as certain as I can that I have looked after the long-term interests of the fish and the fishery. I am not willing to wait for evidence of decline before I take action – if I did, it may be too late to ensure the sustainability of this orange roughy stock.

Given the level of uncertainty, I have set a TAC under s 13(2)(b) of the Fisheries Act 1996 to enable the ORH 1 stock to rebuild to a level at or above that which can produce the maximum sustainable yield. To effect that rebuild, I next determined the appropriate way and rate of this rebuild, having regard to the social, cultural, economic and other factors I deem relevant.

I considered the possibility of a series of staged TAC and TACC reductions as a ‘way’ to rebuild ORH1. I contemplated the potential reduction in social and economic consequences that would result. In my view, a substantial and immediate reduction is required to effect the rebuild, and any smaller reduction does not sufficiently satisfy me that a rebuild will occur. I have chosen the option that I believe will provide the greatest certainty that ORH1 will be managed at or above BMSY over the longer term, in light of the uncertainties in the best available information.

I am persuaded by the view that the fine-scale management approach provides the best opportunity to detect and respond to a sustainability risk – and that the catch spreading is critical to the appropriate management of the stock. I therefore request that the general management approach that has been in place for ORH1 for the past several years continue: in particular, this means the sub-area and feature limits. I am advised by MFish that quota owners are close to finalising a deed setting out the management procedures for the ORH1 stock, including sub-area and feature limits, and reporting. I welcome this responsible approach, and I have requested MFish to work alongside industry to ensure the integrity of these arrangements.

Orange Roughy: ORH 7B

In making my decision on ORH 7B I had the task of deciding whether to maintain a fishery (either at a 115.5 tonne TAC or by reducing the TAC to 52.5 tonnes), or to effectively close it with little realistic prospect of the fishery reopening in the short to medium term. After careful consideration of the information provided in the FAP and in submissions I have acted under s 13(2)(b) of the Act – to rebuild the stock to at or above BMSY. To enable the ORH 7B stock to rebuild I have decided to effectively close the fishery. This was not a decision I made lightly and I am aware that it will inevitably be accompanied by an economic impact on ACE fishers and quota owners.

In reaching this decision I note that the Plenary supports the view that despite the uncertainties in the available information, the stock is likely below B_{MSY} , with the 2004 assessment indicating that the stock was at 17% B_0 . I also note that the fishery-dependent data show no evidence of subsequent rebuilding at the existing TAC and TACC. Industry has presented alternative arguments and data from the current fishing year to support their contention that the existing TAC is sustainable. While I accept that the fishery-dependent data, and the way ACE is traded, may be to some extent influenced by the way the fishery is prosecuted, I nonetheless consider that there is a very real concern about the state of the fishery. Although there is considerable uncertainty around this assessment, I still find it both alarming and

compelling. I have concluded that management action to reduce the fishing pressure on the stock is necessary.

In considering the appropriate management response, I have examined the industry directed fishing proposal but I am not satisfied that the small TAC will allow meaningful data to be collected. I am also concerned that a management approach based on any information that was derived from this proposal would not be able to be implemented for several years as a time series of data points is established.

I consider that sustainability concerns for the stock at the existing TAC are real and that I am required to act now to rebuild the stock. In considering the way and rate of rebuild I have thought carefully about the social, cultural and economic implications of alternative management options. I agree with MFish that, given the already low TAC, reducing it to some interim level is neither a reasonable nor meaningful option. With the fishery already at a low level, and no sign of improvement, the logical conclusion I drew was that no level of fishing would enable the stock to rebuild at an acceptable rate. Consequently I have decided to effectively close the fishery.

I know this decision will not be welcomed by industry and that they will see this as Government acknowledging failure in the management of the fishery. I believe it demonstrates the reverse: that Government is willing to act decisively when required, to maintain the integrity of the fisheries management system.

Orange roughy: ORH 3B

I have significant concerns over the status of the ORH 3B stock, and in particular the sub-stocks on the East and South Chatham Rise. While there is no new stock assessment available for these sub-stocks, I am aware that discussions at the Deepwater Fisheries Assessment Working Group have identified serious problems with the stock assessment model – or perhaps better put, the information available to go into it, and the assumptions that must be made due to a lack of data on recruitment. Concerns were also raised over how this part of the Chatham Rise has been partitioned for stock assessment purposes. These issues have increased the uncertainty in the status of these sub-stocks and consequently the status of the ORH 3B stock as a whole. They have also created uncertainty as to the sustainability of the current catch and effort, as well as the best way forward both for future stock assessments and for management measures.

In recent days I have been briefed by MFish scientists on the deficiency of the assessment model used in the 2007 plenary and have been provided with a compilation of existing information from research surveys and the fishery itself. The briefing discussed what these data sets are suggesting directly about the status of the East and South Chathams Rise substocks, rather than what the output of the model described in the Plenary is suggesting. Taken together, the information provided raised serious concerns in my mind about the current status and the future of this stock.

However I have reluctantly chosen to give this information very little weight at this time in reaching my decision this year, relying instead on the information that has been peer reviewed and was subject to public consultation. Obviously I will consider

all new information when considering the future management of the fishery, as discussed below.

After considering the information presented in the FAP, I am persuaded that it is reasonable to institute a moderate cut to the TAC now, pending a more informed decision next year. I have therefore decided to implement option 2 from the FAP and to reduce the TAC by 1,050 t and the TACC by 1,000 t, to be implemented by a reduction in catch on the East and South Chatham Rise.

This is effectively a continuation of the stepped TAC reduction instigated in the 2006-07 fishing year.

A 1,050 tonne reduction to the TAC is only acceptable to me at this time if better information on stock biomass and trends becomes available in the near future. I am not willing to continue to make small catch limit reductions, potentially tracking down the abundance of orange roughy. If the information recently provided to me is shown to better reflect the true status of the ORH3B stock, then I will potentially be considering substantial additional reductions to the TAC and TACC in the near future.

I also request that industry abide by their commitment to meet the voluntary catch spreading arrangements included under option 2. While I recognise that no commitment was provided by industry to abide by the catch limits I requested on the northeast Hills and Andes Complex in 2006-07, I was nonetheless disappointed to observe that my request was largely ignored. Industry will be aware that there are options available to me to formalise the partitioning of the ORH3B stock and I will ensure that my officials keep a close watch on adherence to the voluntary catch limits over the coming fishing year. I acknowledge that part of the reason that sub-stock limits were breached in 2006-07 was that the decision came just before the beginning of the fishing year, after ACE contracts and vessel catch plans had been finalised. This suggests that where possible, it is likely to be helpful if decisions could be made earlier and hopefully well in advance of a new fishing year.

I am dissatisfied with the information currently available in the Plenary to enable me to make my management decisions about ORH3B. The inability to age the fish, to estimate recruitment, or to delineate the stocks, appears to me to severely limit the ability of the model to support management decisions. MFish scientists have assured me that it will be possible to provide a more credible evaluation of the status of the East and South Chatham Rise orange roughy stocks by April 2008, by assembling and analysing existing survey and fishery information. I therefore request that this evaluation be completed by 30 April 2008 and that the results be used to replace the current East and South Chatham Rise assessments in the Plenary, as these are not believed to be credible.

It is clear to me that there needs to be change in the way this fishery is managed and I believe a fisheries plan is the appropriate vehicle for instigating this change. I therefore request the group developing the ORH 3B fisheries plan to seek alternative and creative management solutions that will allow me to better discharge my responsibilities in relation to this stock.

Oreo (OEO 1)

The options before me were to leave the catch limits where they were, or to reduce them by 50% to 2,500 tonnes. I have decided to reduce the TAC and TACC to 2,500 tonnes. I commend industry for supporting this reduction.

I was convinced that setting the catch limit at the five-year average is appropriate at this time. However, I also acknowledge the uncertainty over the possible reasons for the declining catch levels, and the biological characteristics of oreos – long lived, and low sustainable yields relative to stock size. This means that I will take a cautious approach to catch limits. It is clear to me that catch at the level of the TAC and TACC would be an unacceptable sustainability risk.

I don't believe a more drastic cut was warranted at this time, but I will continue to monitor the performance of the stock carefully. In particular, I am concerned that although the five-year average catch is 2,500 tonnes, the recent catches are well below this level. I have requested MFish to provide further advice in future years.

This should not be interpreted as a requirement for a stock to be fully utilised or the TACC will be reduced. I will continue to set TACs and TACCs at a level that meets my statutory obligations, and harvest can occur at any level below that limit.

North Island Freshwater eels - SFE20-23 and LFE20-23

I have decided to reduce the TACs for shortfin and longfin eel stocks in the North Island.

My decisions build on the initial catch limits applied to North Island eel stocks in 2004. In setting the initial TAC for each of the North Island eel stocks, the previous Minister agreed to a management strategy that sought to improve the stock structure (ie, size composition) and abundance of eels over the medium term (10 years), while bringing to a halt any decline in the fishery over the short term. I confirm that the management strategy will continue to apply.

The commercial catch limits applied in 2004 have generally not been reached and scientific information suggests the condition of the fishery has not improved since that time. Longfin catch is not considered to be sustainable for the longer term, and there is a need to rebuild both shortfin and longfin stocks. A more conservative approach to harvest is required.

For shortfin stocks, I have decided to reduce the TACs to levels at or about recent catch. These reductions range from between 10 and 30 percent of the existing TAC, depending on the stock. I am satisfied that a reduction in the TAC for shortfin eels will assist with rebuilding each of the shortfin stocks. I therefore decided that option 2 in MFish's FAP was appropriate.

For longfin stocks, I have decided to reduce the TACs to levels at or about 20% below recent catch. These reductions range from between 35 to 48 percent of the existing TACs, depending on the stock. This was option 2 in MFish's FAP. I acknowledge that greater reductions to TACs are required for longfin stocks given the more significant sustainability concerns identified in the FAP.

Decisions on allowances and TACCs

In varying the TACC for each of the stocks, I am required to have regard to the TAC for the stock, and to allow for non-commercial fishing interests and all other mortality to that stock caused by fishing. My decisions are outlined in the following table.

Stock	TAC	Recreational Allowance	Customary Allowance	Other sources of fishing related mortality	TACC
SFE 20	148	28	30	4	86
LFE 20	39	8	10	2	19
SFE 21	181	19	24	4	134
LFE 21	60	10	16	2	32
SFE 22	121	11	14	2	94
LFE 22	34	5	6	2	21
SFE 23	36	5	6	2	23
LFE 23	34	9	14	2	9

Shortfin and longfin stocks of the North Island are held in high regard by non-commercial fishing interests. I believe that the expectations of customary and recreational fishing interests have not been met in recent decades, and the management strategy seeks to explicitly address this situation. Therefore I have decided to retain the existing allowances for customary and recreational fishing interests in each of the stocks under review.

I have also decided to retain the existing allowances for other sources of fishing related mortality for each of the stocks. No information was presented that suggested these allowances should be adjusted, even though the catch limits may have been reduced.

The resulting TACCs for shortfin stocks will have some effect on the commercial use of the resource, particularly in the SFE 23 stock. However, the overall recent commercial use of the shortfin resource through the North Island is not significantly affected. In the case of longfin stocks, there would be a more noticeable effect on recent commercial use. The industry will need to take steps to reduce the capture of longfin.

Other management issues

Submitters took the opportunity to raise a number of other matters for my consideration, in terms of management measures that could be applied to the eel fishery. I appreciate that fishery interests wish to see improvements in the outcomes for the fishery at a variety of scales, or with a particular sector's use in mind. Many of these ideas can be assessed through a fisheries plan process where the objectives for the fishery can be better explored, and the most effective means to address these outcomes can be identified.

There may be other opportunities where MFish seeks to address some underlying issues of importance prior to a fisheries planning process. An example is the current initiative to amend the customary fisheries regulations. Similarly, there may be the prospect of defining South Island eel stocks as separate species so that they are comparable with stock definitions in the North and Chatham Islands. I would encourage fishery interests to involve themselves in these processes as appropriate.

Flatfish – FLA3

I am setting a TAC for this stock for the first time.

I have decided to set a TAC for FLA 3 of 1 617 tonnes, with provision for allowances for customary fishing interests of 5 tonnes and recreational fishing interests of 150 tonnes, an allowance for other fishing related mortality to be set at 32 tonnes, and a TACC of 1 430 tonnes. This represents a reduction in the current TACC, which is 2 681 t. This was option 3 in the FAP prepared by MFish.

The current TACC has never been fully caught, and constant catches at this level are unlikely to be attainable or sustainable, nor are they likely to allow the FLA 3 stock to move towards a size that will support the maximum sustainable yield.

Fishers expressed a range of views during consultation on a TAC for FLA 3. Most believed there had been a decline in flatfish abundance, with some considering the decline was attributable to intensive fishing effort in recent years. Flatfish populations, however, are highly variable and, changes in abundance can also be caused by environmental or climatic factors.

Stakeholders will be able to progress the initiatives put forward during consultation, when development of a fisheries plan for the southern inshore fin-fishery commences in 2008-09. The plan will provide an opportunity to ensure management is tailored to suit the particular characteristics of the FLA 3 fishery.

I acknowledge that there will be economic costs associated with the setting of this TAC, however, I am determined to set realistic TACs that are sustainable and maintain the stock at or above a level that can produce the maximum sustainable yield. I have instructed MFish to develop a responsive “decision rule” to provide flexibility to increase the TAC when flatfish become more abundant in the future. I also note that FLA 3 is on the 2nd Schedule of the Fisheries Act 1996 that allows for in-season adjustment in certain circumstances.

I carefully considered submissions when determining the TACC and allowances.

I noted that non-commercial catches are relatively small for FLA3. Because I am setting a TAC for the first time I do not consider the question of proportional/non-proportional allocations identified in submissions as highly relevant. I have carefully weighed the competing demands of the different fishing interests and I have decided to set allowances based primarily on the estimates of recreational, customary and other sources of mortality as indicated in the FAP.

Red cod – RCO3

I am setting a TAC for this stock for the first time.

I have decided to set a TAC for RCO 3 of 4 930 tonnes, with provision for allowances for customary fishing interests of 5 tonnes, recreational fishing interests of 95 tonnes, an allowance of 230 tonnes for other fishing related mortality, and a TACC of 4 600 tonnes. This represents a significant reduction in the current TACC, which is 12 396 t.

This TACC was set at historically high catch levels to enable fishers to take advantage of years with high red cod abundance. Since a peak in the fishery in the 1998-99 fishing year, landings have declined and this year's catch is expected to be the lowest on record. In fact, all indicators suggest that the stock is at a very low level with increasing implications for spawning and recruitment.

While the annual abundance of red cod can vary significantly in response to environmental or climatic factors, fishers are concerned about the state of the RCO 3 fishery.

I share these concerns. The current TACC is very high and has been caught only three times in the last 25 years. I noted in the FAP that:

- a) the stock assessment is quite old (2001);
- b) the current year's catch is likely to be as low as 15% of the TACC;
- c) that scientific advice suggests the TACC is unlikely to be sustainable;
- d) the fishery is showing a trend of declining abundance and recruitment; and
- e) the fishery is probably over-capitalised.

I also noted that the current trawl survey estimates of biomass are 40% of the previous comparable lowest estimate in 1991. I have noted that this survey has produced no evidence of a recruitment pulse. I am aware that this is a preliminary report not reviewed by Science Working groups but the information seems to be consistent with the information above suggesting that the current TACC is substantially too high.

Continued unconstrained fishing pressure could have serious consequences for the recovery of the fishery. Available information suggests this situation may not improve for at least two to three years. As such, it is apparent that the RCO 3 fishery requires constructive management of the remaining biomass.

Other proposals put forward during consultation can be progressed when development of a fisheries plan for the southern inshore fin-fish fishery commences in 2008-09. In the interim, however, it is necessary to ensure the TAC is set at an appropriate level.

I am well aware that the lower the TAC the greater the economic impact on commercial fishers. However, given my obligation to manage the stock at or above a level that can produce the maximum sustainable yield and the potential sustainability and long term economic consequences of an excessively high TAC, I am persuaded that there is a need to set a significantly reduced TAC reflecting current catches. I

consider this to be a stepping stone in a conservative, risk averse rebuild of the fishery.

I also recognise that RCO 3 is included on the 2nd Schedule of the Act. If information warranted it, I would certainly consider an in-season TAC increase under the 2nd Schedule in future. Accordingly, I have requested MFish to develop a responsive “decision rule” to provide flexibility to increase the TAC when red cod become more abundant in the future.

I must advise fishers that I remain concerned that the new TAC may not constrain catches enough. I have indicated to officials that I would like the fishery monitored to determine whether the new TAC is set at an appropriate level over the medium term. This monitoring could form an important part of the southern inshore fin-fish fisheries plan.

I have also considered the TACC and allowances appropriate for this fishery and I have carefully weighed the competing demands of the different fishing interests. Given the TAC I have set is much lower than the previous TACC I believe it is appropriate that, given the sustainability concern in this fishery, it is appropriate that there is a concurrent reduction in recreational effort. Accordingly I have decided that a lower recreational allowance should be set, in line with that proposed by some recreational fishers. To ensure this allowance is not exceeded I agree that a change in the recreational RCO3 daily bag limit from 30 to 10 is warranted.

I have directed officials to prepare advice to give regulatory effect to such a change.

Tarakihi – TAR1

I have decided to increase the TAC for TAR 1 to 2 029.195 tonnes. This increase of 70 tonnes recognises that the commercial catch limits have been over-caught by an average of 70 tonnes annually for the last 10 years, without any apparent effect on the sustainability of the fishery. I have decided to allocate this increase between sectors in proportion to current allowances, to share the benefit between the different sectors. The TACC will therefore increase to 1447.483 tonnes (a 48 tonnes increase), the customary allowance will increase to 73 tonnes (a 3 tonne increase), the recreational allowance will increase to 487 tonnes (a 17 tonne increase) and the allowance for other fishing-related mortality will increase to 21.712 tonnes (a 1.7 tonne increase). I have also decided to increase the deemed values for tarakihi stocks. This will reduce incentives to fish above the available ACE and more effectively constrain commercial catch to the TACC.

While there is no formal stock assessment for TAR 1, I am satisfied that stable or increasing catch per unit effort (CPUE) indices and a long stable catch history in the fishery indicate that the fishery can support current catch levels. I was not persuaded by submissions suggesting I delay decisions until I gain further information on this fishery. I believe that increasing the TAC to recognise current catches will provide increased value to be realised from this stock. I am satisfied, based on the information provided to me that the level of catch in this stock can be increased by this amount without compromising sustainability.

I recognise that the commercial sector has long sought a substantial increase in the TACC for TAR 1. They have sought an increase significantly larger than any proposed in the initial position paper or final advice paper. However, I agree with MFish that there is insufficient information available to support an increase to the TACC of 43% (approximately 600 tonnes as proposed by industry). If reliable information becomes available in the future to suggest the stock might support further increases in catch levels, the allowable catch levels in the TAR 1 fishery could be reviewed.

In determining the TACC and allowances for TAR1, I have carefully weighed the competing demands of each sector on the TAC. I consider it equitable in this case that both the commercial and non-commercial sectors derive the shared benefit from the increase in the TAC.

I consider there is no information available to me that is determinative as to the relative benefits of allocating the TAC to one or other fishing sector. Having reviewed submissions and the FAP I am satisfied that proportional allocation of the TAC increase between the commercial, customary and recreational sector is appropriate for TAR1.

I do not believe that this modest increase in the recreational allowance merits an increase in the daily bag limit for TAR 1. At this stage, I am satisfied the available information suggests that the current daily bag limit of up to 20 tarakihi (as part of the mixed finfish combined daily limit) is sufficient in providing for the needs of recreational fishers.

Accordingly I have decided to adopt the TACC and allowances proposed in option 2A of the FAP (70 t TAC increase allocated proportionally).

School shark – SCH1

I am setting a TAC for this stock for the first time.

I have decided to set a TAC of 893 tonnes for SCH 1. This TAC is 27 tonnes higher than the total of the current TACC plus our best estimates of customary and recreational catches and other fishing-related mortality. The additional tonnage reflects average commercial landings in the past five fishing years. I have set the TACC at 689 tonnes, the customary allowance at 102 tonnes, the recreational allowance at 68 tonnes and the allowance for other fishing-related mortality at 34 tonnes.

I recognise the vulnerability of the species to overfishing and the lack of information on stock status. However, I believe that relatively stable commercial landings over the past decade, which have generally been higher than the new TACC, provide comfort that a TAC of 893 tonnes will not increase the risk of the stock being fished to below a level that can produce the maximum sustainable yield. A TAC of 893 tonnes will also provide for increased value to be realised from the stock while ensuring sustainability.

I recognise that the commercial sector had called for more substantial increases in the TACC than those proposed in the IPP or FAP. However, I agree with MFish that there is insufficient justification for a TACC increase of the magnitude which was requested.

While I share the concerns of some respondents about Maui's dolphin, I agree with MFish that setting a TAC for SCH 1 is not the most effective or appropriate way of managing the fishing-related threats to that species. Options to address threats to Maui's dolphin are set out in the Threat Management Plan which is currently subject to consultation.

When considering setting the TACC and allowances I was aware that I was setting a TAC for the first time. Whilst some submissions discussed proportional and non-proportional allocations, I was not convinced that this was highly relevant to the decisions I was required to make. Rather, I have carefully weighed the competing demands of the different fishing interests and I consider it appropriate to set allowances primarily based on estimates of recreational, customary and other sources of mortality with the additional tonnage being shared between the sectors. Accordingly I decided that option 2A outlined in MFish's FAP was the appropriate TACC and allowances decision for this fishery.

Dredge oyster – OYS7C

Marlborough dredge oysters were brought into the QMS in 2005, with a TAC of 5 tonnes and a TACC of 2 tonnes. New information has now become available that indicates the fishery can sustain a higher commercial catch limit than the present TACC allows. After considering this information, and taking into account the views of stakeholders on the four options presented in the IPP, I have decided to increase the TAC to 50 tonnes and the TACC to 43 tonnes (Option 3 in MFish's FAP). The new commercial catch limit will enable the industry to develop the fishery to derive greater economic returns while ensuring the long-term sustainability of dredge oysters.

I acknowledge the industry would prefer a higher TAC and TACC. However, I note there is increasing uncertainty about the effects of fishing under higher commercial catch limits on the wider aquatic environment. As such, my decision provides a good balance between providing the industry with greater utilisation opportunities and mitigating the impacts of fishing. I consider this decision is an appropriate approach to develop this relatively unexploited fishery. I also acknowledge that industry's decision to initially constrain commercial fishing to two discrete areas will assist to help mitigate the effects of fishing away from more sensitive biological areas.

In making my decision on the TACC, I have decided to set a different allowance for other sources of fishing-related mortality (from 1 tonne to 5 tonnes) while maintaining the current allowances of 1 tonne each for customary and recreational interests

I would like to take this opportunity to encourage the industry to help MFish to develop the Challenger Scallop and Oyster Fisheries Plan in due course. This plan, which will include the OYS7C fishery, will provide the most appropriate framework to further develop the fishery, including future research needs.

White warehou – WWA5B

In May of this year I agreed to a request from quota owners holding approximately 80% of quota shares in quota management areas (QMAs) 5 and 6 for white warehou (WWA 5 & 6) to recommend the making of an Order in Council to amalgamate the two QMAs into a new area called WWA5B. This followed a period of consultation on the proposed amalgamation between MFish and quota owners, including mandated iwi organisations.

The newly amalgamated QMA WWA5A comes into effect on 1 October 2007.

In order to give final effect to the amalgamation it is necessary to set the TAC, TACC and allowances for WWA5B. MFish's initial position was to set the TAC, TACC and allowances at the sum of those applying in WWA 5 and 6.

I have decided to set a TAC of 2,621 tonnes for WWA5B, i.e., the sum of the TACs for WWA5 & 6. I am satisfied that this TAC should maintain the new WWA5B stock at or above a level that can produce the maximum sustainable yield. I have also decided to set a TACC based on the sum of the TACCs for WWA5 & 6 (2,617 tonnes), an allowance of 2 tonnes for recreational interests, and an allowance of 2 tonnes for customary fishing interests. I have set no allowance for other sources of mortality.

DEEMED VALUES

I have made a number of decisions which will be implemented for a range of stocks in accordance with section 75 of the Fisheries Act 1996 (the Act) for the 2007-08 fishing season. These deemed value rates will continue to apply until subsequently changed under section 75 of the Act.

These deemed value rates will be implemented in time for the start of the fishing year season which commences on 1 October 2007, and will apply to all fish caught in excess of ACE holdings on a monthly and annual basis.

In reaching my decision on where to set the deemed value rates for each species I was informed by MFish advice and stakeholder submissions. I also acknowledge the additional effort made by some stakeholder groups to work with MFish to determine appropriate deemed value rates. I am pleased that the process of setting deemed values has involved staff from SeaFIC and TOKM, and various other industry groups. The information used to set deemed values is complex and more involvement from industry can only assist in setting and monitoring the deemed value setting process in future.

These deemed value rates have been informed by the deemed value standard, which I approved in March of this year. I am pleased that the standards framework – a critical element of objectives based fisheries management – is being implemented at a practical level. The purpose of these deemed value changes is to ensure my obligations under section 75 (2)(a) of the Act are fulfilled which requires that I set deemed value rates that provide an incentive for every commercial fisher to balance their catch with Annual Catch Entitlement (ACE). Section 75 (2)(b) sets out the factors that I may have regard to when setting interim and annual deemed values. A key element of the deemed value standard is much more active monitoring and frequent adjustments. This means that the effects of these deemed values decisions, and of other deemed value rates, will be evaluated and changes will be made where necessary.

A description of the decision I have reached and why I reached it is detailed below for each species. This is preceded by general comments on deemed values and the purpose of the catch balancing provisions of the Act.

General Comments

Correct deemed values are absolutely critical to the integrity of the Quota Management System. They are as important to the sustainability of a fishery – and its economic value – as the TAC and TACC. I have therefore decided to make a number of changes across a whole range of fish stocks to better ensure that catch is balanced with a fisher's ACE. I will not tolerate excessive catch in a fishery above the available ACE in that fishery. This general 'tightening' of the system is critical to ensure the integrity of the Quota Management System.

I know this will cause problems for some parts of the industry. But this was a change that was a long time coming. My message is clear: ACE should be used to balance catch, or fishers should change their fishing practices to reduce or eliminate the

harvest of stocks for which you cannot balance with ACE.

I am advised that there may be a tendency for some irresponsible fishers to try and avoid deemed values by discarding unwanted fish. This is unacceptable. Under the Fisheries Act, this is a criminal act. When caught, such fishers will be prosecuted and face large fines and potential forfeiture of quota and vessels. I expect that my deemed values decisions will influence where enforcement effort is applied.

I have asked MFish to step up efforts to detect any possible illegal discarding. The new Project Protector vessels, along with helicopters and fixed-wing aircraft, will be deployed to detect possible offending.

Deemed values should be charged a lot more rarely than they are now, and they should be for small and unexpected overruns above ACE holdings. Fishers should not deliberately target species over their ACE holdings, or have insufficient ACE to cover bycatch when harvesting a target species: in all cases, my obligation under section 75(2)(a) of the Act is to ensure that the incentive is to cover that catch with ACE.

I recognise that some believe the TACCs for some stocks are too low, and where this is the case, I agree that these should be reviewed. However, I am not willing to allow TACCs to be substantially exceeded by setting artificially low deemed values. I will not knowingly set deemed values that will allow or encourage catch well in excess of ACE. To do so would be a breach of my obligations under section 75(2)(a) of the Act. I will not make some TACCs 'real' and others 'on paper'. However, I do agree that some TACCs need more urgent review, and these are noted in the individual stock sections.

In several stocks, significant changes have been made to the application of differential deemed values. Differential deemed values are an important tool to address undesirable behaviour at the individual level. I have focused the use of differential deemed values for those stocks where I believe there is the need for an increasing disincentive to stop fishers who continually and deliberately harvest fish excessively above their ACE holdings. In such situations, differentials will be applied. I note that the existence of differential rates will not adversely affect those fishers who harvest small portions of a stock over and above their ACE holdings.

Interim deemed values have typically been set at 50% of the annual deemed value. For some stocks, I have evaluated if this is the appropriate level, and made changes where necessary. The approach to interim deemed values is discussed in the relevant stock sections below.

I am satisfied that the deemed value decisions meet the requirements of section 75(2)(a) of the Fisheries Act 1996, to provide an incentive for every commercial fisher to acquire or maintain sufficient ACE to cover their catch of the relevant stock.

Barracouta: BAR1, BAR4, BAR5 & BAR7

I have increased the annual deemed value rate to \$0.25 per kg to reflect the most recent port price of \$0.25 per kg.

In making my decision I was mindful of the fact the BAR5 has been overfished in the last two fishing seasons and that the deemed value invoice at the end of the 2005-06 fishing year was close to half a million dollars. For this reason I have implemented higher differential deemed value rates of \$0.50 per kg at 110% of ACE holdings and \$1.00 per kg for catch in excess of 120% of ACE holdings. I believe higher differential deemed value rates will limit deliberate and excessive catches in excess of ACE holdings.

I have also decided to apply the same differential deemed value rates across the neighbouring barracouta stocks (BAR1, BAR4 and BAR7). I believe it is appropriate to set consistent deemed value rates for stocks that are routinely fished as part of the same fishing trip to avoid any incentive for fishers to misreport catch by taking advantage of a lower deemed value rate in a neighbouring stock. I believe there is the risk that this may occur in the barracouta fishery and therefore I have increased the deemed values for these three stocks in line with BAR5.

I acknowledge that some within industry believe the TACC for BAR 5 should be reviewed, and I agree that this is sensible, in particular when better information becomes available. In the mean time, as I have stated clearly above, this will not lead me to set deemed values that knowingly will allow or encourage catch in excess of ACE. To do so would be a breach of my obligations under section 75(2)(a) of the Act.

Blue Cod: BCO3, BCO4 & BCO5

I have increased the annual deemed value rate for BCO3 to \$3.25 per kg to reflect the most recent port price for this stock. I believe this increase is warranted because it has been consistently overcaught in recent fishing years and the existing deemed value rate does not provide an incentive for fishers to constrain their catch to that of their ACE holdings. The increase to the annual deemed value rate will also mean that the interim deemed value rate will increase to 50% of the annual deemed value.

I also considered increasing the annual rates for the neighbouring blue cod stocks (BCO4 and BCO5) but I do not believe this change is necessary at this time as inshore fishers are unlikely to harvest blue cod across multiple quota management areas during the same trip.

Bluenose: BNS2

I have decided to increase the annual deemed value rate for BNS2 to \$3.00 per kg and to apply higher differential deemed value rates. The first differential rate of \$4.00/kg will apply at 105% of ACE, with further increases thereafter. The increase to the annual deemed value reflects the most recent port price for the stock which is well above the current annual deemed value rate. If the deemed value is set too far below the market price that fishers can receive for the fish then there is no incentive for fishers to balance their catch against ACE. Increasing the annual rate to reflect market price provides this incentive.

I consider these deemed value rates are necessary because BNS2 has been

consistently overfished in recent years. I believe the higher differential rates are appropriate to ensure fishers have an incentive to constrain their catch to their ACE holdings.

Flatfish: FLA3

I have increased the annual deemed value rate for FLA3 to reflect the TAC and TACC decrease that I have approved as part of this sustainability round. An increase to the deemed value rate is appropriate to ensure that catch is constrained to ACE created by the new TACC.

I have chosen an annual rate of \$3.00 per kg which reflects the current average port price and export prices that fishers can receive for flatfish. If the deemed value is set too far below the market price that fishers can receive for the fish then there is no incentive for fishers to balance their catch against ACE. I believe an increased annual deemed value rate will provide this incentive.

The increase to the annual rate will also mean that the interim rate is adjusted so that it is 50% of the annual rate. Differential rates will also change because they continue to be derived from the annual rate.

Gurnard: GUR3, GUR7 and GUR8

I have decided to increase the annual deemed value rate for GUR3 in response to the level of overfishing that has occurred in this fishery in the last two years and also because I consider the current deemed value rate is well below the market price for the stock. I believe setting the annual rate at \$1.60 per kg to reflect a port price of \$1.71 per kg will encourage fishers to source the appropriate quantity of ACE or to change their fishing behaviour.

The change in the annual deemed value rate will also be reflected in the interim rate, which will increase to 50% of the annual. Differential rates will also increase, as they are set as a percentage of the annual rate.

I had considered amending the deemed value rates for GUR7 and GUR8 to see if such an adjustment could provide an incentive for fishers to more accurately report their gurnard catches from these fisheries. The Act permits me to consider the desirability of commercial fishers landing catch for which they do not have ACE.

However, I was convinced by advice from MFish, together with stakeholder views, that this would only work if the deemed value rates were substantially reduced so that they were set in line with the typical market price for small gurnard – which MFish estimates to be \$0.07 per kg. Lowering the deemed value rate (from their current rates of \$0.85 per kg and \$1.13 per kg respectively) to a level above this market price of \$0.07 would be unlikely to achieve the aim of encouraging improved reporting. I agree that this is an issue best addressed by compliance, not by reducing deemed values.

Therefore I have decided to leave all the deemed value rates for GUR7 and GUR8

unchanged for the coming season.

Hoki: HOK1

I have decided to increase the hoki deemed value rates in response to the overfishing that has occurred in the last two fishing seasons. At the end of the 2005-06 fishing season \$2.7 million of deemed value invoices were issued. I do not consider this acceptable and it is evident that the current deemed value rate has been set too low.

A higher deemed value for hoki, together with my hoki TAC and TACC decisions, are the key elements to improving the rebuild prospects for this stock.

I have increased the annual deemed value rate to \$0.90 per kg to better reflect the market price and the average ACE trading price for hoki. This means that the interim rate will also increase so that it is set at 50% of the annual rate.

An analysis of the deemed value invoices from last fishing season show that there are certain companies that continue to overfish. I believe this is evidence that cost structures within some companies are sufficiently low so as to enable operators to incur high deemed value invoices while continuing to fish.

For this reason I have implemented one differential deemed value rate of \$1.30 per kg which will apply to all catch that is 102% of ACE holdings. I believe setting a high differential deemed value at a low percentage will remove the economic incentive for fishers to continue to fish on deemed values. I acknowledge support from the Deepwater Group Limited for this option.

Häpuka/Bass: HPB3

I have decided to increase the HPB3 deemed value rates in response to the overfishing that has occurred in the last three fishing seasons. At the end of the 2005-06 fishing season \$138,631 of deemed value invoices were issued. I do not consider this acceptable and it is evident that the current deemed value rate has been set too low.

I have increased the annual deemed value rate to \$2.30 per kg to better reflect the market price for häpuka/bass. This means that the interim rate will also increase so that it is set at 50% of the annual rate. Differential rates will also change because they continue to be derived from the annual rate.

I acknowledge that some within industry believe the TACC for HPB3 should be reviewed. The full implementation of the deemed values standard does depend on appropriate TACCs, and more frequent TACC reviews. Until this occurs for HPB3, as I have stated clearly above, I will not set deemed values that knowingly will allow or encourage catch of the stock in excess of ACE available in that stock. To do so would be a breach of my obligations under section 75(2)(a) of the Act.

John Dory: JDO2 and JDO7

I have increased the annual deemed value rate for JDO7 to reflect the most recent port price for this stock. I believe this increase is warranted because it has been consistently overcaught in recent fishing years. The existing deemed value rate

obviously does not provide a sufficient incentive for fishers to balance their catch against their ACE holdings.

I have increased the annual rates for the neighbouring john dory stock (JDO2) to reduce the likelihood of misreporting between stocks and to reflect the most recent port price for this stock.

I have increased the annual deemed value rate for both stocks to \$5.25 per kg and this increase will also mean that the interim deemed value rate will increase to 50% of the annual.

I have reduced the number of differential deemed value levels but set at higher rates to ensure that there is an incentive for fishers to constrain their catch to their ACE holdings.

Ling: LIN1, LIN2, LIN3, LIN4, LIN5, LIN6 and LIN7

I have decided to increase the LIN7 deemed value rates in response to the overfishing that has occurred in the past fishing seasons. At the end of the 2005-06 fishing season \$768,000 of deemed value invoices were issued.

I have also decided to increase the deemed value rate for the other LIN stocks given my decision on the hoki TACC. I am concerned that effort could shift from the hoki fishery into the ling fishery and this may lead to ling stocks being overfished. This increase will also remove any incentive to misreport fish between LIN stocks. I have increased the annual deemed value rate to \$2.38 per kg and this increase will also mean that the interim deemed value rate will increase to 50% of the annual.

I have reduced the number of differential deemed value thresholds, but have set them at higher rates to ensure that there is an incentive for fishers to constrain their catch to their ACE holdings.

I have decided to implement two differential deemed value rates for all ling stocks. The first differential deemed value rate of \$3.40 per kg will apply to all catch between 102% and 120% of ACE holdings. The second differential deemed value rate of \$6.00 per kg will apply to all catch over 120% of ACE holdings. I believe these differential deemed value rates will remove the economic incentive for individual fishers to continue to fish knowing they will not acquire ACE to cover that catch.

I acknowledge that deepwater quota holders requested only an increase in LIN5 and LIN7, but given that ling is routinely taken across other LIN stocks on the same fishing trip, I have decided it appropriate to set uniform deemed values across all stocks. I also acknowledge that quota owners suggested that only a single differential is required. I have accepted both the level at which it is triggered (102%) and the amount (\$3.40 per kg), but I have elected to provide an additional differential should there be any doubt that \$3.40 per kg is an insufficient disincentive to balance with ACE.

Orange Roughy: ORH1, ORH3B and ORH7B

I have increased the annual deemed value rate for ORH1 to reflect the TAC decrease that I have also approved as part of this sustainability round. An increase to the

deemed value rate is appropriate to ensure that catch is constrained to the ACE created by the new TACC. I acknowledge the range of submissions I received as part of the consultation process, and have made several modifications to the proposals presented in the IPP.

I have chosen an annual rate of \$3.40 for ORH1 to reflect the current average port price that fishers can receive for orange roughy. If the deemed value is set too far below the market price that fishers can receive for the fish then they do not have an incentive to constrain fishing. I believe increasing the annual rate to reflect market price provides this incentive.

The increase to the annual rates will also mean that the interim rate is adjusted so that it is 50% of the annual rate. I have decided not to change the annual or interim deemed value rate for ORH3B or ORH 7B as I believe the existing interim and annual deemed values are sufficient to encourage catch in these stocks to be balanced with ACE holdings.

I have decided to implement one differential deemed value rate of \$5.00 per kg which will apply to all catch that is 110% of ACE holdings in ORH1, ORH3B and ORH7B. I believe setting a high differential deemed value at such a low percentage will remove any economic value of fishing against deemed values.

Red Cod: RCO3

I have increased the annual deemed value rate for RCO3 to reflect the new TAC I have set and the TACC decrease I have approved as part of this sustainability round. An increase to the deemed value rate is appropriate to ensure it adequately protects the new TACC.

I have chosen an annual rate of \$0.50 to reflect the current average port price and export prices that fishers can receive for red cod. If the deemed value is set too far below the market price, then they do not have an incentive to constrain fishing. I believe increasing the annual rate to reflect market price provides this incentive.

The increase to the annual rate will also mean that the interim rate is adjusted so that it is 50% of the annual rate. Differential rates will be adjusted, as they are derived from the annual rate.

School Shark: SCH1

I have increased the annual deemed value rate for SCH1 to reflect the TAC and TACC increases that I have also approved as part of this sustainability round. I wish to rigorously defend this new TACC, ensuring that catch remains within available ACE.

I have increased the annual deemed value rate to \$1.75 per kg to better reflect the market price for school shark. This means that the interim rate will also increase so that it is set at 50% of the annual rate. Differential rates will be adjusted, as they are derived from the annual rate.

Gemfish: SKI2

I have increased the annual deemed value rate for SKI2 to reflect the most recent port price for this stock. I believe this increase is warranted because it has been overcaught in four out of the last five fishing years and the current deemed value rate obviously does not provide an incentive for fishers to constrain catch to their ACE holdings. I have increased the annual deemed value rate to \$1.75 per kg and this increase will also mean that the interim deemed value rate will increase to 50% of the annual.

I have reduced the number of differential deemed value thresholds so the highest differential deemed value rate applies to all catch 180% above ACE holdings. This will ensure that there is an incentive for fishers to constrain catch to their ACE holdings.

Snapper: SNA2, SNA7 and SNA8

I have decided to increase the annual deemed value rate for SNA2, SNA7 and SNA8. I have also decided to apply higher differential deemed value rates, starting at \$9.00 per kg at 110% for each of the three stocks, with progressively higher rates at higher percentage overcatch.

The increase to the annual deemed value reflects the most recent port price for the stocks which is well above the current annual deemed value rate. If the deemed value is set too far below the market price that fishers can receive for the fish then they do not have an incentive to constrain catch. Increasing the annual rate to reflect market price provides this incentive.

I have chosen an annual rate of \$5.00 per kg for SNA2 and \$8.00 per kg for SNA7 and SNA8. I have decided that SNA2 warrants a different rate, given that over 80% of landings is bycatch. I have decided to set the interim rate at \$4.00 per kg for SNA2, SNA7 and SNA8. I have requested that MFish continue to closely monitor all snapper fisheries, and to provide advice on additional adjustments that may be necessary.

Spiny Dogfish: SPD1, SPD3, SPD4, SPD5, SPD7 & SPD8

I have decided to increase the annual and interim deemed value rate for each of these SPD stocks. The increase to the annual deemed value reflects the most recent port price for the stocks which is well above the current annual deemed value rate. If the deemed value is set too far below the market price that fishers can receive for the fish then they do not have an incentive to constrain catch to within ACE holdings. Increasing the annual rate to reflect market price removes this incentive.

I have increased the annual deemed value rate to \$0.30 per kg to better reflect the market price for spiny dogfish. This means that the interim rate will also increase so that it is set at 50% of the annual rate. I have decided not to impose differential deemed value rates at this time, but request that MFish monitor performance carefully, and to provide advice on additional adjustments that may be necessary.

Rig: SPO2

I have increased the annual deemed value rate for SPO2 to reflect the most recent port price for this stock. I believe this increase is warranted because it has been consistently overcaught in recent fishing years and at the existing deemed value rate there is obviously not an incentive for fishers to constrain their catch to their ACE holdings.

I have increased the annual deemed value rate to \$2.70 per kg and this increase will also mean that the interim deemed value rate will increase to 50% of the annual.

I have reduced the number of differential deemed value levels but I have introduced a differential rate of \$6.00 at 110% of ACE holdings. This will provide additional incentive for fishers to cease harvesting in excess of ACE holdings.

Silver warehou: SWA1, SWA3 and SWA4

I have decided to increase the deemed value rates for SWA3 and SWA4 in response to the considerable overfishing that has occurred in past fishing seasons. At the end of the 2005-06 fishing season \$2.86 million of deemed value invoices were issued in SWA3 and SWA4 combined. This is not acceptable. Clearly the current deemed value rate has been set too low.

I have also increased the annual rates for the neighbouring silver warehou stock (SWA1) to reduce the likelihood of misreporting between stocks. I believe this is appropriate because several stocks of silver warehou are routinely harvested as part of the same fishing trip.

I have increased the annual deemed value rate to \$1.22 per kg. This means that the interim rate will also increase so that it is set at 50% of the annual rate.

I acknowledge MFish's advice to set one differential deemed value rate of \$1.74 per kg that would apply to all catch that is 120% of ACE holdings. An analysis of the deemed value invoices from last fishing season shows continued catch in excess of ACE by some fishers. Upon considering all the available information, I consider that an annual deemed value rate of \$1.74 is appropriate, but have decided to impose this rate to catch of between 110% and 130% of an individual's ACE. This will introduce the stronger incentive to cease catching at a lower level of ACE overcatch. I have also decided to impose a second differential, at 130% and \$3.00 to provide an even greater incentive for fishers to constrain catch to their ACE holdings.

I recognise that some believe the TACC for SWA3 and SWA4 should be reviewed. I agree that a review is warranted. Information will become available as a result of the work of the middle-depths fisheries assessment working group. Depending on the outcome of this research, a TAC and TACC review in time for October 2008 may be appropriate. In the meantime, I will not set deemed values that knowingly will allow or encourage catch of the stock in excess of ACE available in the stock. To do so is would be a breach of my obligations under section 75(2)(a) of the Act.

Swordfish: SWO1

I have decided to remove the differential deemed value rates from SWO1. I have

made this decision to try to help stimulate the ACE market and to ensure that those who are legitimately trying to source ACE are not unduly punished through differential deemed value rates. I recognise the support received from submissions for this position. I wish also to be clear that this fishery will be closely monitored, and I expect MFish to provide advice on additional adjustments that may be necessary to deemed values in the future.

Tarakihi: TAR1, TAR2, TAR7 and TAR8

I have decided to increase the deemed value rates for TAR1 in response to the overfishing of available ACE that has occurred in past fishing seasons. At the end of the 2005-06 fishing season \$80,287 of deemed value invoices were issued in TAR1. This is unacceptable and it is evident that the current deemed value rate has been set too low.

I have also decided to increase the annual rates for the neighbouring tarakihi stocks (TAR2, TAR7 and TAR8) to reduce the likelihood of misreporting between stocks and to ensure that effort shifting from TAR1 does not cause these stocks to be overfished. I also note that the TAR8 TACC is already overfished this year.

I have increased the annual deemed value rate to \$3.00 per kg for TAR1 and to \$2.50 per kg for TAR2, TAR7 and TAR8. This means that the interim rates will also increase so that they are set at 50% of the annual rate.

I have decided to implement two differential deemed value rates for these TAR stocks. The first differential deemed value rate of \$4.00 per kg will apply to all catch between 110% and 120% of ACE holdings. The second differential deemed value rate of \$5.50 per kg will apply to all catch over 120% of ACE holdings. I believe these differential deemed value rates will remove the economic incentive for fishers not to constrain their catch to their ACE holdings.

Trevally: TRE2

I have increased the annual deemed value rate for TRE2 to reflect the most recent port price for this stock. I believe this increase is warranted because it has been consistently over caught in recent fishing years.

I have increased the annual deemed value rate to \$1.10 per kg and this increase will also mean that the interim deemed value rate will increase to 50% of the annual.

I believe the absence of differential deemed value rates have contributed to the overfishing of TRE2. Therefore, I have decided to implement two differential deemed value rates for TRE2. The first differential deemed value rate of \$2.00 per kg will apply to all catch between 110% and 120% of ACE holdings. The second differential deemed value rate of \$3.00 per kg will apply to all catch over 120% of ACE holdings. I believe these differential deemed value rates will remove the economic incentive for fishers to not constrain their catch to their ACE holdings.

I acknowledge that some within industry believe the TACC for TRE2 should be reviewed. The full implementation of the deemed values standard does depend on appropriate TACCs, and more frequent TACC reviews. Until this occurs for TRE2, I

will not set deemed values that knowingly will allow or encourage catch of the stock in excess of ACE available for that stock. To do so is a breach of my obligations under section 75(2)(a) of the Act.

Blue Warehou: WAR3 and WAR7

I have decided to increase the deemed value rate for WAR3 in response to the overfishing that has occurred in past fishing seasons. At the end of the 2005-06 fishing season \$451,961 of deemed value invoices were issued in WAR3. I do not consider this acceptable and it is evident that the current deemed value rate has been set too low.

I have increased the annual deemed value rate to \$0.90 per kg. This means that the interim rate will also increase so that it is set at 50% of the annual rate.

I have implemented one differential deemed value rate of \$2.00 per kg will apply to all catch that is 110% of ACE holdings. I believe setting a differential deemed value will remove the economic incentive for fishers to continue to fish on deemed values.

I have implemented this differential deemed value rate in the neighbouring blue warehou stock (WAR7) to reduce the likelihood of misreporting fish between stocks.

White Warehou: WWA3, WWA4, WWA5B and WWA7

In May 2007 I made the decision to amalgamate quota management areas 5 & 6 for white warehou to create QMA WWA5B. I have decided to set the annual deemed value rate at \$0.54 per kg. The interim rate will be set at 50% of the annual rate.

After considering submissions from stakeholders I have decided to implement one differential deemed value rate in WWA3, WWA4 and WWA7 of \$2.00 per kg will apply to all catch that is 110% of ACE holdings. I have decided not to implement differential deemed value rates in WWA5B.

Yours sincerely

Jim Anderton
Minister of Fisheries

Appendix 1: Summary of Sustainability Decisions for 2007/08

Species (Stock)		Current (tonnes)	New (tonnes)	Differentials
Orange roughy (ORH 1)	TAC	1470	914	38% reduction
	TACC	1400	870	38% reduction
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	70	44	
Orange roughy (ORH 3B)	TAC	12075	11025	9% reduction
	TACC	11500	10500	9 % reduction
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	575	525	
Orange roughy (ORH 7B)	TAC	110	1	99% reduction
	TACC	110	1	99% reduction
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	0	0	
Hoki	TAC	101040	91040	10% reduction
	TACC	100000	90000	10% reduction
	Customary	20	20	
	Recreational	20	20	
	Other Mortality	1000	1000	
Oreo (OEO 1)	TAC	5,033	2500	50% reduction
	TACC	5,033	2500	50% reduction
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	0	0	

Squid (SQU 1T)	TAC	44,740.881	44,740.881	No change
	TACC	44,740.881	44,740.881	No change
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	0	0	
North Island Eels (SFE 20)	TAC	211	148	30% reduction
	TACC	149	86	42% reduction
	Customary	30	30	
	Recreational	28	28	
	Other Mortality	4	4	
North Island Eels (LFE 20)	TAC	67	39	42% reduction
	TACC	47	19	60% reduction
	Customary	10	10	
	Recreational	8	8	
	Other Mortality	2	2	
North Island Eels (SFE 21)	TAC	210	181	14% reduction
	TACC	163	134	18% reduction
	Customary	24	24	
	Recreational	19	19	
	Other Mortality	4	4	
North Island Eels (LFE 21)	TAC	92	60	35% reduction
	TACC	64	32	50% reduction
	Customary	16	16	
	Recreational	10	10	
	Other Mortality	2	2	
North Island Eels (SFE 22)	TAC	135	121	10% reduction
	TACC	108	94	13% reduction
	Customary	14	14	
	Recreational	11	11	
	Other Mortality	2	2	
North Island Eels (LFE 22)	TAC	54	34	37% reduction

	TACC	41	21	49% reduction
	Customary	6	6	
	Recreational	5	5	
	Other Mortality	2	2	
North Island Eels (SFE 23)	TAC	50	36	28% reduction
	TACC	37	23	38% reduction
	Customary	6	6	
	Recreational	5	5	
	Other Mortality	2	2	
North Island Eels (LFE 23)	TAC	66	34	48% reduction
	TACC	41	9	78% reduction
	Customary	14	14	
	Recreational	9	9	
	Other Mortality	2	2	
Flatfish (FLA 3)	TAC		1617	Set for first time
	TACC	2681.5	1430	47% reduction
	Customary		5	
	Recreational		150	
	Other Mortality		32	
Red Cod (RCO 3)	TAC		4930	Set for first time
	TACC	12395.702	4600	63% reduction
	Customary		5	
	Recreational		95	
	Other Mortality		230	
Tarakihi (TAR 1)	TAC	1959.195	2029.195	4% increase
	TACC	1399.195	1447.483	3% increase
	Customary	70	73	4% increase
	Recreational	470	487	4% increase
	Other Mortality	20	21.712	9% increase

School Shark (SCH 1)	TAC		893	Set for first time
	TACC	668.47	689	3% increase
	Customary		102	
	Recreational		68	
	Other Mortality		34	
Dredge Oyster (OYS 7C)	TAC	5	50	
	TACC	2	43	
	Customary	1	1	
	Recreational	1	1	
	Other Mortality	1	5	
White Warehou (WWA 5B)	TAC (WWA5)	2,129	2621	Set for first time
	TAC (WWA6)	492		Merger of existing stocks
	TACC (WWA5)	2,127	2617	Set for first time
	TACC (WWA6)	490		Merger of existing stocks
	Customary (WWA5)	1	2	Set for first time
	Customary (WWA6)	1		Merger of existing stocks
	Recreational (WWA5)	1	2	Set for first time
	Recreational (WWA6)	1		Merger of existing stocks
	Other Mortality (WWA5)		0	Set for first time
	Other Mortality (WWA6)			Merger of existing stocks
Rubyfish (RBY 8)	TAC	55	6	89% reduction
	TACC	55	6	89% reduction
	Customary	0	0	
	Recreational	0	0	
	Other Mortality	0	0	

Appendix 2: Summary of Deemed Value Decisions for 2007/08

Stock	Species	Current Interim	New Interim	Current Annual	New Annual	New Differential Rates
BAR1 BAR4 BAR5 BAR7	Barracouta	\$0.10 per kg	\$0.12 per kg	\$0.19	\$0.25 per kg	\$0.50 per kg at ≥110% and \$1.00 per kg at ≥120%.
BCO3	Blue cod	\$0.96 per kg	\$1.63 per kg	\$1.92 per kg	\$3.25 per kg	\$3.90 per kg at ≥120% and \$4.55 per kg at ≥140% and \$5.20 per kg at ≥160% and \$5.85 per kg at ≥180% and \$6.50 per kg at ≥200%
BCO4 BCO5		\$0.67 per kg \$0.75 per kg	unchanged unchanged	\$1.34 per kg \$1.50 per kg	unchanged unchanged	unchanged unchanged
BNS2	Bluenose	\$1.09 per kg	\$1.50 per kg	\$2.18 per kg	\$3.00 per kg	\$4.00 per kg at ≥105% and \$5.00 per kg at ≥110% and \$6.00 per kg at ≥120% and \$7.00 per kg at ≥130% and \$8.00 per kg at ≥140% and \$9.00 per kg at ≥150% and \$10.00 per kg at ≥160%
FLA3	Flatfish	\$0.75 per kg	\$1.50 per kg	\$1.50 per kg	\$3.00 per kg	\$3.60 per kg at ≥120% and \$4.20 per kg at ≥140% and \$4.80 per kg at ≥160% and \$5.40 per kg at ≥180% and \$6.00 per kg at ≥200%

GUR3	Gurnard	\$0.43 per kg	\$0.80 per kg	\$0.85 per kg	\$1.60 per kg	\$1.92 per kg at ≥120% and \$2.24 per kg at ≥140% and \$2.56 per kg at ≥160% and \$2.88 per kg at ≥180% and \$3.20 per kg at ≥200%
GUR7		\$0.43 per kg	unchanged	\$0.85 per kg	unchanged	unchanged
GUR8		\$0.57 per kg	unchanged	\$1.13 per kg	unchanged	unchanged
HOK1	Hoki	\$0.30 per kg	\$0.45 per kg	\$0.59 per kg	\$0.90 per kg	\$1.30 per kg at ≥102%
HPB3	Hapuka/Bass	\$0.90 per kg	\$1.15 per kg	\$1.50 per kg	\$2.30 per kg	\$2.76 per kg at ≥120% and \$3.22 per kg at ≥140% and \$3.68 per kg at ≥160% and \$4.14 per kg at ≥180% and \$4.60 per kg at ≥200%
JDO2	John dory	\$1.33 per kg	\$2.62 per kg	\$2.65 per kg	\$5.25 per kg	\$6.00 per kg at ≥120% and \$8.00 per kg at ≥130% and \$10.00 per kg at ≥140%
JDO7		\$1.59 per kg	\$2.62 per kg	\$3.17 per kg	\$5.25 per kg	
LIN1	Ling	\$0.85 per kg	\$1.20 per kg	\$1.69 per kg	\$2.38 per kg	\$3.40 per kg at ≥102% and \$6.00 per kg ≥120%
LIN2		\$0.75 per kg	\$1.20 per kg	\$1.49 per kg	\$2.38 per kg	
LIN3		\$0.88 per kg	\$1.20 per kg	\$1.75 per kg	\$2.38 per kg	
LIN4		\$0.64 per kg	\$1.20 per kg	\$1.27 per kg	\$2.38 per kg	
LIN5		\$0.91 per kg	\$1.20 per kg	\$1.81 per kg	\$2.38 per kg	
LIN6		\$0.84 per kg	\$1.20 per kg	\$1.67 per kg	\$2.38 per kg	
LIN7		\$1.11 per kg	\$1.20 per kg	\$2.21 per kg	\$2.38 per kg	
ORH1	Orange roughy	\$1.49 per kg	\$1.70 per kg	\$2.97 per kg	\$3.40 per kg	\$5.00 per kg at ≥110%
ORH3B		\$2.00 per kg	unchanged	\$4.00 per kg	unchanged	
ORH7B		\$1.60 per kg	unchanged	\$3.20 per kg	unchanged	
PRK1	Prawn killer	Not applicable	\$0.10 per kg	Not applicable	\$0.20 per kg	Do not apply
PRK2			\$0.10 per kg		\$0.20 per kg	
PRK3			\$0.10 per kg		\$0.20 per kg	

PRK4A			\$0.10 per kg		\$0.20 per kg	
PRK5			\$0.10 per kg		\$0.20 per kg	
PRK6A			\$0.10 per kg		\$0.20 per kg	
PRK6B			\$0.10 per kg		\$0.20 per kg	
PRK7			\$0.10 per kg		\$0.20 per kg	
PRK8			\$0.10 per kg		\$0.20 per kg	
PRK9			\$0.10 per kg		\$0.20 per kg	
PRK10			\$0.10 per kg		\$0.20 per kg	
RCO3	Red cod	\$0.16 per kg	\$0.25 per kg	\$0.32 per kg	\$0.50 per kg	\$0.60 per kg at $\geq 120\%$ and \$0.70 per kg at $\geq 140\%$ and \$0.80 per kg at $\geq 160\%$ and \$0.90 per kg at $\geq 180\%$ and \$1.00 per kg at $\geq 200\%$
SCH1	School shark	\$0.81 per kg	\$0.87 per kg	\$1.61 per kg	\$1.75 per kg	\$2.10 per kg at $\geq 120\%$ and \$2.45 per kg at $\geq 140\%$ and \$2.80 per kg at $\geq 160\%$ and \$3.15 per kg at $\geq 180\%$ and \$3.50 per kg at $\geq 200\%$
SKI2	Gemfish	\$0.75 per kg	\$0.88 per kg	\$1.50 per kg	\$1.75 per kg	\$3.60 per kg at $\geq 120\%$ and \$4.20 per kg at $\geq 140\%$ and \$4.80 per kg at $\geq 160\%$ and \$5.40 per kg at $\geq 180\%$
SNA2		\$1.50 per kg	\$4.00 per kg	\$3.00 per kg	\$5.00 per kg	\$9.00 per kg at $\geq 110\%$ and \$10.00 per kg at $\geq 120\%$ and \$11.00 per kg at $\geq 130\%$ and \$12.00 per kg at $\geq 140\%$ and \$13.00 per kg at $\geq 150\%$ and \$14.00 per kg at $\geq 160\%$ and
SNA7		\$1.01 per kg	\$4.00 per kg	\$2.01 per kg	\$8.00 per kg	

SNA8		\$1.30 per kg	\$4.00 per kg	\$4.25 per kg	\$8.00 per kg	\$15.00 per kg at $\geq 170\%$ and \$16.00 per kg at $\geq 180\%$
SPD1 SPD3 SPD4 SPD5 SPD7 SPD8	Spiny dog fish	\$0.03 per kg	\$0.15 per kg	\$0.05 per kg	\$0.30 per kg	Do not apply
SPO2	Rig	\$1.13 per kg	\$1.35 per kg	\$2.25 per kg	\$2.70 per kg	\$6.00 per kg at $\geq 110\%$ and \$8.00 per kg at $\geq 125\%$ and \$11.00 per kg at 150%
SWA1 SWA3 SWA4	Silver warehou	\$0.44 per kg \$0.49 per kg \$0.49 per kg	\$0.50 per kg \$0.50 per kg \$0.50 per kg	\$0.87 per kg \$0.97 per kg \$0.98 per kg	\$1.22 per kg \$1.22 per kg \$1.22 per kg	\$1.74 per kg at $\geq 110\%$ and \$3.00 per kg at $\geq 130\%$
SWO1	Swordfish	\$2.13 per kg	unchanged	\$4.25 per kg	unchanged	Removed
TAR1 TAR2 TAR7 TAR8	Tarakihi	\$1.05 per kg \$0.79 per kg \$0.42 per kg \$0.72 per kg	\$1.50 per kg \$1.25 per kg \$1.25 per kg \$1.25 per kg	\$2.09 per kg \$1.58 per kg \$0.83 per kg \$1.43 per kg	\$3.00 per kg \$2.50 per kg \$2.50 per kg \$2.50 per kg	\$4.00 per kg at $\geq 110\%$ and \$5.50 per kg at $\geq 120\%$
TRE2	Trevally	\$0.46 per kg	\$0.55 per kg	\$0.92 per kg	\$1.10 per kg	\$2.00 per kg at $\geq 110\%$ and \$3.00 per kg at $\geq 120\%$
WAR3 WAR7	Blue warehou	\$0.13 per kg \$0.45 per kg	\$0.45 per kg unchanged	\$0.25 per kg \$0.90 per kg	\$0.90 per kg unchanged	\$2.00 per kg at $\geq 110\%$
WWA3 WWA4 WWA7 WWA5B	White warehou	\$0.52 per kg \$0.52 per kg \$0.52 per kg Not applicable	unchanged unchanged unchanged \$0.27 per kg	\$1.03 per kg \$1.03 per kg \$1.03 per kg Not applicable	unchanged unchanged unchanged \$0.54 per kg	\$2.00 per kg at $\geq 110\%$ Do not apply

