

7 July 2017

Mr M Dunne
Ministry for Primary Industries
PO Box 10420
Wellington

Dear Martyn

COMMENTS ON DRAFT 2017/18 SUSTAINABILITY CONTROLS

1. MPI has issued Discussion Paper No: 2017/17 on Sustainability Controls for 1 October 2017 stocks and invited submissions on the proposals.
2. This submission is presented on behalf of Fisheries Inshore New Zealand Ltd (*Fisheries Inshore*). Any comments or queries should be directed to Tom Clark, Policy Manager, Fisheries Inshore.
3. Fisheries Inshore is the Sector Representative Entity for inshore finfish, pelagic and tuna fisheries in New Zealand. Its role is to deal with national issues on behalf of the sector and to work directly with, and behalf of, its quota owners, fishers and affiliated sector representative organisations. Its key outputs are:
 - a. developing appropriate policy frameworks, processes and tools to assist the sector to manage inshore, pelagic and tuna fishstocks more effectively;
 - b. minimising fishing interactions with protected species and the associated ecosystems; and
 - c. working positively with other fishers and users of marine space where we carry out our harvesting activities.
4. Responsibility for the implementation of these policies, processes and tools falls naturally on quota owners, fishers and Commercial Fishery Stakeholders (CSOs) who collectively choose the best ways to deal with issues in their regions. CSOs will generally deal with all matters pertaining to fishstocks in their region. Fisheries Inshore has the mandate to support this work where requested but does not have the ability to take on this work except where the fishery is managed as a single stock across the country. In that instance Fisheries Inshore must work with all the relevant quota owners, fishers and CSOs in developing appropriate measures and submissions.
5. Unless otherwise noted, the views in this submission represent the views of Fisheries Inshore or its associated parties – Area2 and Southern Inshore Ltd.
6. We note that companies and other quota-holders may also make their own submissions on the proposals.

TAC/TACC REVIEWS

BNS 1, 2, 3, 7 and 8

7. Bluenose is assessed as a single stock and managed at the Quota Management Area (QMA) level. This makes responding to the discussion paper on BNS the responsibility of Fisheries Inshore to ensure full representation of all BNS stocks are presented in the submission.
8. This submission has been developed by Fisheries Inshore on behalf of all Fisheries Inshore members. Fisheries Inshore have also canvassed views from wider BNS quota owners and industry organisations. Notwithstanding Fisheries Inshore's mandate to submit on this proposal, individual companies may choose to provide their own submissions, containing their specific recommendations.

Stock Status and Future Research

9. The 2016 assessment indicates the state of the stock is below the target biomass being between 17 and 27% B_0 (below the 40% B_0 target set by MPI).
10. The 2016 assessment suggests that biomass has either levelled off after 2011 or increased slightly, and is projected to increase at current catch levels. The statement on the recent trend in biomass in the 2016 plenary highlights is "Biomass was estimated to have declined continuously from the 1980s to 2011 and then to have either levelled off or increased slightly. Biomass has been below the default 40% B_0 target since around 2000."
11. We understand that the fishery is rebuilding but not at the rate required to achieve the target biomass within the required timeframe as defined by MPI's Harvest Strategy Standard (HSS);
 - **Objective:** ensure rebuild of the fishery with the timeframe and targets currently set
 - **Target:** 40% B_0
 - **Timeframe:** 2011 assessment $2 \times T_{MIN} = 20-26\text{yrs} = 2031$ to 2037
12. The next stock assessment is currently scheduled for 2021. We propose that the next assessment be brought forward and conducted in the 2017/18 fishing year. This would utilise the most recent length frequency data to address the major sources of uncertainty identified in the 2016 Plenary and thereby provide greater precision about the status of the stock. Notably, the existing model is based on a simple two fishery model (trawl and longline) with deterministic recruitment assumed.
13. Bringing the next stock assessment forward is aligned with industry's reasonable expectation that fisheries management is based on the best available science. An updated stock assessment would therefore enable the MP to be implemented with an updated stock assessment not just an updated CPUE.
14. Fisheries Inshore expect that an updated stock assessment will adequately address industry concerns regarding the impacts of overcatch and alleged misreporting within the fishery. Recognition and inclusion of these data in the next stock assessment will contribute to a more robust and reliable stock assessment and reflect the impact this has had on the fishery.

Management and Monitoring Plan

15. Options 2 & 3 of the discussion paper both mention the requirement for continued information following a TAC reduction. We consider that the discussion paper has not

sufficiently considered or incorporated the current work the industry has done to date to get an agreed Management Procedure (MP).

16. Options 2 & 3 both allude to the continued requirement for data but don't provide any details and there is no clear consideration provided for the ongoing management of the fishery. The information provided implies a 'set and forget' approach. We do not consider that approach to be either appropriate or responsible fisheries management. Where a stock has a sustainability issue, sound fisheries management practice would promote additional information being gathered and the stock status being more closely monitored.
17. BNS quota holders are cognisant that an agreed MP will require TAC reductions as part of its implementation. That notwithstanding, there remains support for implementing an MP. If, after the updated assessment in 2017/18 and the establishment of an agreed MP, it is necessary to proceed with further cuts then industry is committed to this management action to rebuild the stock.
18. An annual review of the MP allows fishery managers to remain certain that the fishery is continuing to rebuild, whilst allowing for more informed decisions to be made about whether to vary the speed of the rebuild by adjusting the TAC, where appropriate.
19. To date MPI's reluctance to endorse the Management and Monitoring Plan appears to rest on one small difference of view; the rebuild target and timeframe. MPI has adopted a default rebuild to 40% B_0 in 26 years, whereas quota owners initially proposed 35% B_0 in 30 years.
20. Our current submission is based on retaining the certainty provided by an MP but one that will rebuild the BNS stocks to MPI's stated biomass target and timeframe.
21. The MP methodology proposed in previous discussions with MPI has been accepted by the MPI Working Group process.

Updated projections

22. To enable time for a Management and Monitoring Plan to be agreed, the 2016 Ministerial decision was to implement an "interim" cut to the total TACC from 1,110 t to 910 t (inclusive of BNS 10). The Minister stated "I want to provide the opportunity for a management procedure/decision rule to be developed".
23. Since this decision, industry has remained committed to a monitoring and research plan and has engaged with Ministry to endorse the Management and Monitoring Plan.
24. As a sign of our commitment to sustainability and the Management and Monitoring Plan, BNS quota owners funded further work to update the MP. This work is consistent with the Ministry's HSS requirements. Industry has already committed to the ongoing monitoring of the stock and have continued to collect data to this end. This work demonstrates good faith investment by industry to the continued sustainable management of the stock to develop an agreed MP.
25. As outlined in our 2016 submission, the MP is the core of the Management and Monitoring Plan. The MP is designed to maintain the rebuilding trajectory to target biomass. The MP is run annually and TACCs adjusted accordingly. The TACC would be reduced if the rebuild is not maintained.

MPI Option 2

26. Fisheries Inshore supports Option 2, pursuant to a MP being agreed with MPI.

27. MPE runs comparable to Option 2 have been conducted by Fisheries Inshore as part of implementing a Management and Monitoring Plan.
28. An MPE incorporating a 100 t TACC reduction in 2017/18 (excluding BNS 10) demonstrated consistency with the 2016 Ministerial decision (Figure 1). The key results of a 100 t TACC reduction shows it meets MPI's Harvest Strategy Standard default;
- TACC reduced by 100 t to 800 t (excluding BNS 10) for 2017/18. In subsequent years the TACC will be reduced gradually before rising again between 2030 - 2040.
 - Probability of achieving 40% B_0 by 2037 is 57% (i.e. greater than the Working Group's required level of certainty).
 - Mean yield 2018 – 2028 is 695 t.

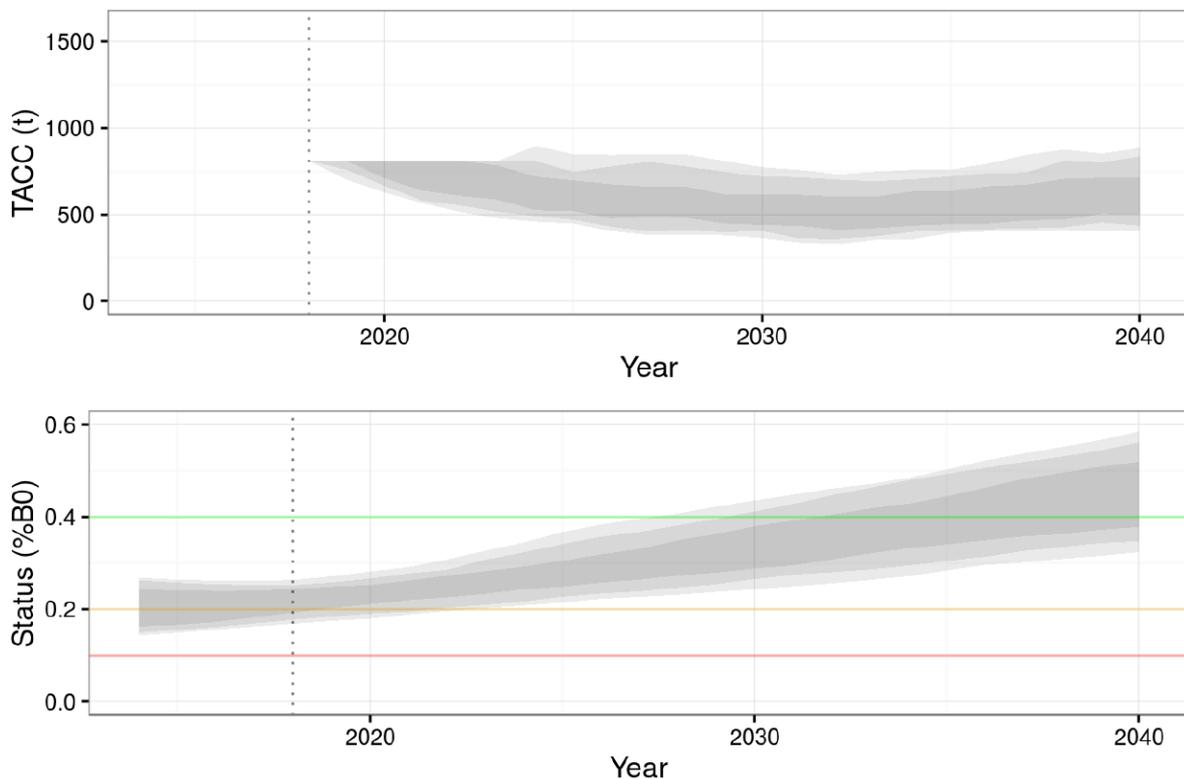


Figure 1 Management Procedure Evaluation results associated with a 100 t TACC reduction in 2017/18 for BNS 1, 2, 3, 7 and 8.

MPI Option 3

29. Fisheries Inshore does not support Option 3 that would reduce the TACCs for BNS 1, 2, 3, 7 and 8 from 900 t to 620 t.
30. As acknowledged by the discussion paper, Option 3 has an impact on the ability to monitor the fishery. We consider that this is not consistent with the Minister's decision letter for 2016/17 which stated, "I am supportive of a management procedure approach in that it provides the opportunity for more certainty around targets, rebuild timeframes and most importantly, when and what management action is required to stay on track." Adopting an MPE in conjunction with a 100 t TACC reduction under Option 2, provides the management requested by the Minister.

31. Reductions to the levels set out in Option 3 would quickly mean that most, if not all, BNS fisheries would become bycatch fisheries. A reduction of this nature would be detrimental to the continued collection of adequate CPUE data to inform a Management Procedure. To effectively monitor and manage BNS stocks it is imperative to have the required data to inform management decisions.
32. Industry's commitment to the sustainability of the BNS fishery is based on evidence-based fisheries management. We are concerned that the discussion paper (paragraph 84) implies a "set and forget approach" to fisheries management. The discussion paper notes that Option 2 is preferable by providing the ability to rebuild the fishery pursuant to an MP and to promote continued data collection and associated understanding of the fishery.

Social, cultural and economic factors

33. Social, cultural and economic factors are difficult to estimate and the consultation paper provides some suggested impacts by computing the value of catch based on port price and export price. Actual impacts are of course more difficult to quantify as they vary depending on the specific nature of fishing operations.
34. The discussion paper states that this will be a loss to New Zealand of \$1,755,600 in commercial revenue based on an average port price. The economic implications of TACC reductions should not be understated, as Table 5 in the discussion paper only relates to predicted revenue costs and doesn't account for wider economic effects.
35. As indicated by the revenue losses detailed in Table 5 of the MPI Discussion paper, further substantial reductions in the BNS TACCs at the scale proposed in Option 3 would result in further rationalisation in the domestic fleet harvesting BNS and has significant implications for maintaining a bluenose target fishery.
36. With severely reduced fishing options available, fishers may be forced to leave the industry. While it may sound simple to change to other species, there are inherent difficulties that mean this may not be practically or economically viable. These include lack of ACE, geographic limitations or lack of specific expertise in a new fishery.
37. Retaining the TACCs at a level provides for sufficient ACE availability to retain target fisheries for the core fleet ensuring their ability to maintain the CPUE series used to monitor the state of the fishery.
38. While Option 3 has a greater probability of achieving target biomass by the target date, Option 2 with an MPE meets the Minister's stated rebuild target and timeframe. The improved probability of Option 3 does not justify the economic impact or the impact on our ability to monitor the bluenose fishstocks.

Specific views

39. As is apparent from this submission, the benefits associated with the Management and Monitoring Plan are the primary concern of quota owners. TACC reductions may well be necessary but any reductions should be considered in terms of a Management Procedure.
40. The response from Fisheries Inshore members provided 100% support for Option 2 and demonstrated a united willingness to invest in science and management.
41. Non-Fisheries Inshore members were canvassed to gauge the wider industry position from BNS quota holders and industry organisations. The overwhelming majority indicated a

preference for Option 2, supporting the mandated Fisheries Inshore position (97% of all industry responses in terms of quota shares supported Option 2).

Allowances

42. It is notable that MPI is not considering any adjustment to the allowances for recreational or customary fishers. Our concern is that MPI is not sending a consistent sustainability message for a shared fishery when it does not proportionally reduce the catching allowance for each sector.
43. The discussion paper states that “MPI believes that reversing the decline in the stock and mitigating risks to sustainability are of primary importance”. Industry supports this view but questions the validity of this statement given Option 2 and 3 only consider reductions to commercial TACCs. Section 3.2.2 identifies that BNS is an important recreational species and that the most recent recreational catch estimates are 34.8 t (i.e. 55% of the current recreational allowance).
44. We consider that ensuring sustainability is everyone’s responsibility. On the basis on the BNS discussion paper, it would appear that MPI hold the view that the commercial sector is solely responsible while it is appropriate not only to provide in full for recreational demand, but to provide more than that demand.
45. Further, by not even consulting on any changes to allowances, MPI is tying the Minister’s hands. The Fisheries Act requires the Minister to consult on TAC and TACC changes which inevitably also include the possibility of changes to the other allowances. By not considering or consulting on changes to allowances, MPI could is effectively making those allocation decisions on the Minister’s behalf. That is not the function of the executive, the Fisheries Act makes is plain that such decisions are for the Minister.

Summary

46. With the demonstration that the most recent MPE meets the Ministry’s HSS, and the continued commitment of industry to maintain a high level of monitoring for all BNS stocks, we consider that the Minister has the best available information to make a decision to adopt Option 2 for the 2017/18 fishing year.
47. Our support for Option 2 is premised on MPI adopting the MPE and bringing forward BNS stock assessment in the 2017/18 fishing year to address the major sources of uncertainty identified in the 2016 Plenary.
48. We strongly recommend Option 2 for the 2017/18 fishing year based on the following:
 - Fisheries Inshore is committed to the Management Procedure process. BNS quota owners seek a commitment from MPI to support the continued implementation of the Management and Monitoring Plan. Industry’s view is that applying an agreed Management and Monitoring Plan will result in a better managed fishery and will set a valuable example that will lead to improvements in other inshore fish stocks.
 - The key benefit of establishing an MP is that it can provide increased certainty for those involved in the fishery. Establishing an MP will also direct what information is required annually to inform and continually review the MP to ensure where the fishery is in terms of the required rebuild.
 - A TACC reduction without effective fisheries management will be detrimental to the continued monitoring and management of the stock. Not being able to maintain the

CPUE series currently used to monitor stock abundance of BNS and make future management decisions significantly less certain.

- The industry acknowledges that changes to TACCs are part of operating in the seafood industry. However, it is vital that those changes are evidence-based and utilise the best available science. In the case of BNS this is pursuant to a Management and Monitoring Plan that allows all stakeholders to understand and support the necessary changes.

GUR7

49. Fisheries Inshore endorses Southern Inshore's support for Option 3 for GUR7. The stock is under no sustainability pressure and the level of increase is low relative to the healthy status of the stock.

RCO2

50. The Area2 regional committee supports a review of the TAC and TACC but are concerned about the consideration provided to changes in allocation.
51. Paragraph 244 states the TAC was up for review, including the TACC, but this is contrary to paragraph 249 which states that 'MPI is proposing to set the TACC at the current level'. The review is solely focused on setting allowances for recreational and customary stakeholders.
52. MPI asserts that no change to the current TACC is required as the in-season review provides for the ability to provide for increased abundance. Since 2013, the Minister has managed RCO 2 under an 'in-season' management procedure. The performance of the management procedure has been severely and significantly compromised by the decision-making processes following the scientific analysis of in-season catch.
53. The 2016/17 in-season management procedure has taken over 6 months, with no decision made at the time of this submission. The timeframes for the current in-season management procedure results in Ministerial decisions being made so late that industry have reduced time to act on the increased TACCs, thereby reducing the intended benefits of the process.
54. The consideration of changing the interim deemed value indicates that MPI consider the TACC to be incorrectly set, with the necessity to incentives fishers to balance their ACE throughout the year. Comments regarding the Deemed Value proposals for RCO2 have been addressed in a later section of this submission.
55. Given the outlined concerns regarding the allocation consideration, the existing in-season increase decision process and the consideration of changing interim deemed values, we propose a wider review of the management processes and their effectiveness for this fishery. A more comprehensive consultation is required to review the current in-season process and the validity of this process in comparison to a higher TACC.

DEEMED VALUE PROPOSALS

56. Industry has commented in previous submissions on deemed values on the need for deemed values to be used as a fisheries management tool in a manner that is appropriate to the stock to which they apply. Deemed values are not an independent process.

57. We remind MPI that the policy approved by the Minister in 2008¹ includes a management review of the circumstances giving rise to the over-catch and an evaluation of the management options available, including TACC reviews, discussions with industry and further science before any decision is made to adjust deemed values.
58. We have repeatedly reminded MPI that where the TACCs are significantly out of balance with the stock abundance in the water, deemed values are incapable of constraining the catch to the TACC. There are simply too many other drivers and motives to allow deemed values to operate effectively in those circumstances. Deemed values are not a substitute for poorly set TACCs. Rather than achieve sound fisheries management, inappropriately set deemed values will engender poor fisheries management practices and impede the performance of the management framework.
59. Sadly, the recommendations in this consultation do not seem to demonstrate that MPI has accepted our previous advice, with the one possible bright light being the reduction of RSK8 and SSK8 deemed values.
60. The advent of an IEMRS framework requires MPI to address the TACC anomalies and inconsistencies that they have long known exist in the inshore fisheries. Over-reliance on deemed values to control incidental over-catch equally will not resolve the issue.
61. It is against that background that we comment on the MPI deemed value proposals for 2017/18.

RCO2

62. The Area2 Regional Committee opposes the introduction of a higher interim rate for RCO2.
63. MPI's rationale for increasing the interim value is based on fishers not covering their catch with ACE in a timely manner with the perceived risk that this will lead to the TACC/total available being exceeded.
64. There is no need to incentivise fishers to balance their ACE throughout the year in this case. The in-season decision-making processes currently in place mitigate these risks.
65. The RCO 2 "in-season" TAC review process means fishers are able to balance early season catches with interim deemed values in the knowledge that they will be able to source ACE based on the in-season increase.
66. With a current annual deemed value of \$0.28 compared to a port price of \$0.75, there is no incentive to over-catch RCO2. RCO2 is not a target and is caught primarily as a by-catch in the ECNI mixed trawl fishery.
67. While we might ordinarily support the move to lift the interim deemed value, in this instance we cannot support such a proposal until the in-season processes are reviewed and streamlined to make the additional catching capacity available at a time when industry can avail themselves of the opportunity.
68. The Area2 Regional Committee does not support the proposal at this time.

¹ http://fs.fish.govt.nz/Doc/13392/DV_Review_decisions.pdf.ashx

SCH3

69. Fisheries Inshore supports the position of Southern Inshore in opposing the proposed increase in deemed values for SCH3.
70. MPI proposes to increase the deemed rate for SCH3 from \$1.80 to \$3.60 per kg. The current port price is \$2.30. MPI contends that the market for SCH fins has improved and the combined price for trunks and fins exceeds the current deemed value price and incentivises fishing on deemed values. Contrary to the MPI view,
- a. the market for school shark fins has not improved and fins currently receive less than 50% of the price received prior to 2014;
 - b. shark fins must be landed in conjunction with the trunks and port prices are based on the joint landing of trunk and fins;
 - c. setting a deemed value in excess of the port price is not sound fisheries management practice.
71. We cannot support the MPI proposal.

TAR8

72. Fisheries Inshore supports the position of Southern Inshore in opposing the proposed increase in deemed values for TAR8.

TRE2

73. Fisheries Inshore (on behalf of the Area 2 Regional Committee) opposes the introduction of a higher interim rate for TRE 2.
74. As noted in our general comments on deemed value proposals we do not consider deemed values as a substitute for poorly set TACCs.
75. The TRE2 TACC is poorly set and needs reviewing based. TRE 2 is included under Group 6 of the National Fisheries Plan for Inshore Finfish and can be monitored by annual commercial landings. Given this a review of the annual landings in relation to the TACC is a more appropriate and responsible fisheries management.

GLM9, RSK8 and SSK8

76. Fisheries Inshore does not have a mandate to comment directly on these stocks but considers it necessary and appropriate to comment on the deemed value proposals in the absence of having an associated party to form a view on the proposals.

GLM9

77. MPI proposes to increase the deemed value for GLM9 to an initial annual rate of \$10.00 per kilo from a current price of \$6.00. The interim deemed value for GLM9 was increased to \$5.40 in 2016 when the fishery was over-caught for the second time since the stock was introduced into the QMS. MPI proposes to set the rate at a level above the prices paid for spat.
78. MPI comments that the high levels of over-catch might threaten the sustainability of GLM9. Given that the product is sourced from beach cast or dislodged seaweed rather than

harvested directly from seaweed attached to the seafloor, the over-catch will not threaten sustainability – it will merely reduce the amount of unharvested mussel spat that would otherwise die on the beach. The spat is used as seed for the mussel aquaculture industry and any attempt to reduce the harvest of otherwise unwanted spat will unnecessarily constrain aquaculture revenues.

79. Given that the spat is beach-cast and the over-catch is no threat to sustainability, we would submit the appropriate management response is an increase in the TACC, not an increase in the deemed values. Green mussel spat has been collected from beach cast seaweed for the last 40 years with no discernible decrease in abundance of spat or abundance of mature green mussel stocks in the wider Northland area. We do not accept the sustainability argument advanced by MPI as the basis for the review.
80. Increasing deemed values generates Crown revenue. In the absence of a sustainability limit or issue, increasing deemed values to choke off over-catching of the TACC is an inappropriate management response that will only serve to divert profit from the seafood industry into the hands of the Crown. Increasing the TACC would see the revenue on the commercial catch of GLM9 being returned to the quota-holders through their sale of ACE, rather than the revenue being retained by the Crown. We see no reason to augment the Crown's revenue by increasing the deemed values.
81. GLM9 is a Schedule 3 stock and, as such, can have both the normal TACC review as per section 13 of the Act and also an in-season review of the TACC. Under the in-season review provision, the Minister would need to be informed of the abundance during the fishing year as a pre-requisite to any review. An in-season review process has not been developed for the stock and, given that the bulk of the catch is taken from June through to December in the following fishing year and is dependent on weather conditions, it is highly unlikely that an in-season TACC review process can be established.
82. We also understand that there is a review currently underway into the ratio of spat and seaweed. The conversion factor for GML9 spat is currently 50% of the weight of the juvenile mussel and the seaweed to which it is attached. It is believed that the ratio of mussel to seaweed is lower than 50%. Any reduction as such would undoubtedly have an indirect impact on the effective TACC for GLM9.
83. We see no value in the proposition that the deemed value should be increased beyond the port price. GLM9 spat currently fetches around \$8.50 - \$9.00 per kg. The purchase of GLM9 spat is a critical requirement for the aquaculture industry. Increased deemed values are likely to be capitalised into spat prices.
84. In view of the above arguments, while we are not averse to an increase in the deemed value rate, we consider the proposed deemed value to be excessive. However, we consider an increase in the TACC would be more appropriate.

RSK8 and SSK8

85. This is a long-standing issue. Over-catches of the TACCs have existed since the stocks were introduced into the QMS. At the time of their introduction:
 - a. the combined RSK8 and SSK8 TACCs were set at a level lower than the pre-QMS catch levels which were reported on the levels landed and did not include any returns to the sea; and
 - b. the split between RSK and SSK was arbitrary since fishers had previously reported one generic code SKA.

86. RSK8 and SSK8 are not target stocks. While a Schedule 6 Return to the Sea provision applies and a significant number are returned to the sea, not all catch can be returned to the sea. The need to avoid the catch of snapper in FMA8 has seen fishers move locations away from snapper grounds but into grounds where there is a higher by-catch of skates. In addition, fishers have noted a steady increase in the abundance of skate in RSK8 and SSK8. We have submitted previously that a review of the TACC is the appropriate response, not tinkering with deemed values.
87. The current deemed values are set at the current port price and, when an operating cost is taken into account, the current deemed value levels incentivise catch mis-reporting. Decreasing the deemed values as proposed will reduce that dis-incentive.
88. We support the decrease in deemed values as a means to encourage fishers to land excess catch but re-iterate our opinion that the appropriate management response is an increase in the TAC/TACC. The Crown has benefitted by more than \$250,000 in deemed values since the stocks were introduced into the QMS. We submit that it is now time for the TAC/TACCs to be addressed and have that revenue returned to quota-holders.
89. Skate are managed as a low value and low information stock and undertaking stock specific research is not warranted. However, we submit that the history of the management of the stocks and the maintenance of consistently high catch levels warrants an increase in the TACC.