

2 July 2014

Ministry for Primary Industries

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## DEEMED VALUES APPLYING TO THE BLUENOSE3 FISHSTOCK

### Introduction

1. This submission is from Te Ohu Kai Moana Trustee Ltd (Te Ohu Kaimoana) as corporate trustee of Te Ohu Kai Moana Trust. It responds to the Ministry for Primary Industries (MPI) paper 2014/16 that addresses deemed values (DVs) for Bluenose 3 (BNS3) from 1 October 2014.
2. Te Ohu Kai Moana Trust was established under s.31 of the Maori Fisheries Act 2004. Our purpose is to advance the interests of Iwi individually and collectively, primarily in the development of fisheries, fishing, and fisheries-related activities, in order to:
  - ultimately benefit the members of Iwi and Maori generally
  - further the agreements made in the Deed of Settlement and to assist the Crown to discharge its obligations under the Deed of Settlement and the Treaty of Waitangi
  - contribute to the achievement of an enduring settlement of the claims and grievances referred to in the Deed of Settlement.
3. Te Ohu Kaimoana is a founding member of Fisheries Inshore New Zealand (FINZ) and is acutely aware of the work FINZ has carried out to ensure that utilisation of bluenose (which has been assessed as if it is a single stock) is sustainable across all quota management areas (QMAs). This work has included additional CPUE analysis, which has shown that if catch limits are maintained at their 2013-14 levels rather than be further reduced, the fishery will continue to rebuild. In order to ensure this happens, industry needs to work together to ensure appropriate restraint is applied to harvesting. Deemed values are part of the toolkit that is applied to ensure this objective is met.
4. We are aware of the FINZ submission and are broadly supportive of it as set out here.

### Deemed values for fish landed into Chatham Islands

5. At present the bluenose fishery is managed through the different QMAs but as if it is one stock. For the fishery/ies to recover within a suitable timeframe, all BNS fishstocks are subject to a rebuilding regime. It is critical that the actual catch for all BNS fishstocks remains within the limits set by the Minister (or within a close tolerance) to ensure these stocks recover within acceptable timeframes. It will not be enough for industry to live within the TACC for only some of the QMAs; industry must work together to ensure that all QMAs operate within the agreed

limits. The key tools are the TACC limits and the deemed values (DVs) imposed on fishers where they catch in excess of the ACE they hold.

6. DVs are an important tool that assists utilisation and sustainability of fishstocks. DVs must be set at an appropriate level that allows utilisation but, where necessary, constrains effort where fishers catch in excess of ACE without being set so high as to provide perverse incentives (discarding). Setting DVs for a fishery is therefore an art and not a science. This is made more difficult in a recovering fishery where abundance increases. This increase will not occur uniformly across all QMAs or even across sub-regions in a QMA.
7. The record shows that for all BNS QMAs except BNS3 the overall catch has been within the TACC limits even though these have been progressively reduced. It was highlighted in looking at the TACCs in 2013 that catch in BNS was exceeded to such an extent that the catch in 2012-13 was at almost the same level of 2011-12 – ie the overall take was not measurably less than the previous year even though the TACC was cut by 31%.
8. The significant over-catch occurring in BNS3 in 2012-13 was caught by an industry participant with little ACE landing substantial catches into a LFR on the Chatham Islands. This activity highlighted that in doing so, those landing fish into the Chathams without ACE are subject to a more advantageous DV regime that applies in that circumstance than elsewhere in BNS3 or other BNS QMAs.
9. There are reasons for this historical difference. It is usual to set DV rates to apply to each Quota Management Area (QMA) for a stock. In the case of catches landed to a Chatham Island LFR, the DVs for fishstocks whose QMA includes the islands have historically been set at lower levels than the DVs applying elsewhere in the QMA. The Chatham Island DVs have generally been set at 50% of the normal rate but have been set at higher percentages if there have been perceived issues of fishers taking advantage of the lower DV rate. BNS3 is one such stock that to date has had lower DV rates.
10. It appears that when the BNS DVs were reviewed in 2011 for all BNS fishstocks to take into account the need to protect the decreased TACCs, the DV rates for BNS3 landed to the Chatham Islands LFRs were not adjusted and remained at their previous low levels.
11. MPI proposed to change the Chatham Islands DV regime in 2013/14 but the Minister decided that participants did not have adequate time to respond to the proposed change. The Minister challenged the island to develop its own solutions and FINZ is aware that island participants are actively looking for solutions. Te Ohu is supportive of this and wish to work with Ngati Mutunga and Moriori (along with the Chatham Islands Enterprise Trust) on this.
12. There is no doubt that the landings of BNS3 at least in part indicate a recovering fishery. MPI has noted that the general experience of all fishers near the Chathams is an increasing level of unavoidable bycatch of bluenose irrespective of harvest method. It is also fact that more than 90% of BNS3 caught to date in the current year has been caught in the statistical areas around the Chatham Islands.
13. However, the catch evidence to date for 2013-14 shows that there is already substantial over-catch against ACE held by some participants in the year to date and at the end of June the catch of BNS3 is at 111% of the TACC.

14. This means that with this level of overcatch of ACE in the Chathams, the TACC in that QMA will be exceeded for the 2<sup>nd</sup> year in a row while elsewhere fishers and quota owners are restraining catch within the TACC set for their QMAs, (not withstanding evidence that those fisheries are also recovering), and undertaking additional measures to assist the recovery of and better manage the BNS fishery/ies.
15. Te Ohu Kaimoana therefore supports MPI in bringing this issue back for examination in its paper 2014/16.

### MPI Proposal

16. DVs are set at a number of levels: interim, annual and then at higher ramped differential rates to limit excessive catch. For other BNS fishstocks the current DVs are:

Fishstock	BNS1	BNS2	BNS7	BNS8
Interim	\$3.60	\$3.60	\$2.70	\$3.60
Annual value	\$4.00	\$4.00	\$3.00	\$4.00
Ramped rate	\$10.00	\$10.00	\$10.00	\$10.00

17. For BNS3 the current DVs are:

BNS3	Chatham Islands	Elsewhere in BNS3 QMA
Interim value	\$0.53	\$2.70
Annual value	\$1.05	\$3.00
Ramped rate	\$2.10 when 200% greater than ACE	\$10 when 60% greater than ACE

18. MPI notes in its paper that Section 75(1) of the Act requires the Minister to set deemed value rates for all stocks managed under the QMS. Section 75(2)(a) requires the Minister, when setting deemed value rates, to take into account the need to provide an incentive for every commercial fisher to acquire or maintain ACE that is not less than the fisher's total catch of each stock taken. Section 75(5) allows the Minister to set an interim and annual deemed value for fish landed to a licensed fish receiver (LFR) on the Chatham Islands that is different to the interim and deemed values for that fishstock landed to a LFR elsewhere.
19. MPI guidance also proposes that for vulnerable or rebuilding stocks, a more stringent differential deemed value schedule (eg applying from 5% or 10%) may be more appropriate than the standard schedule which uses 20% steps.
20. The MPI proposal for DVs in BNS3 is :

BNS 3	Interim	Annual 100-105%	105-110%	110-120%	120-130%	130-140%	140-150%	150-160%	>160%	>180%	>200%
MPI BNS3 Chathams Proposed 2014-15	\$0.95	\$1.05	\$1.05	\$1.05	\$2.00	\$4.00	\$5.00	\$6.00	\$10.00	\$10.00	\$10.00

## Comment and Recommendations

21. Te Ohu Kaimoana supports the proposal to change the current DV settings for BNS3 in the Chatham Islands - the current DV settings cannot be left unchanged. The current settings are not providing sufficient restraint catch to within the TACC (or close to) of the BNS3 fishery. .
22. Analysis of the fishery shows that the CPUE across all methods in the Chathams fishery is increasing. MPI acknowledges that all fishers it has spoken to that have been fishing in the Chatham's zone this year report that it is impossible to avoid Bluenose.
23. Examination of the catch of those landing into the Chathams shows that while there has been a considerable increase in bycatch of BNS3 when trawling for alfonsino, the level of landings of BNS3 into a Chatham Island LFR from this operation has been modest <15% of total catch of BNS3.
24. However there are both far greater levels of landings and percentage of total catch of BNS3 from longlining (generally a more selective method). This ongoing behaviour and the knowledge that it is legally possible also creates unhealthy incentives for others to take advantage of the conditions. If this is allowed to continue it will, at a minimum, affect the rate of recovery and could threaten the overall recovery of the BNS3 fishery and (based on a single stock approach) the broader BNS fishery. The actions of a few fishers (albeit acting legally as a result of a disparate DV regime) must not be able to compromise the positive efforts of many quota owners and fishers across the country in this shared resource.
25. DVs need to be set at a level that encourages fishers to buy ACE and record catch (not discard). It is unusual to have different DVs within the same QMA but the Fisheries Act allows this for the Chatham Islands.
26. We agree that the DVs for BNS3 being landed into the Chatham Islands need to change from 1 October 2014.
27. Te Ohu Kaimoana is aware that there are mixed views from BNS3 quota owners on what set of DVs should be placed on BNS landed into the Chatham Islands. Some are of the view that the current rates should remain in place until further analysis demonstrates the current state of the fishery. Others consider that the differential between BNS3 at the Chatham's and elsewhere in the QMA should be removed altogether and the current BNS3 rates should apply to all BNS3 irrespective of where it is landed. Others agree that change is required but consider that a margin should still exist for BNS landed on to the Chatham's compared with elsewhere in the QMA but not at the levels currently set, or proposed.
28. Notwithstanding the differences in opinion among bluenose quota owners on what DV rates should apply to BNS landed into the Chatham Islands, there is strong agreement on many aspects:
  - All understand that in mixed fisheries there is inevitable unavoidable bycatch and that this will likely be more of a problem in a recovering fishery
  - All agree ensuring sustainability is the bottom line
  - All agree they want effective measures to achieve this while allowing maximum utilisation within that constraint
  - All agree that DVs are important instrument but should be set at a level that assists to achieve the sustainability outcome without being un-necessarily punitive.

29. Te Ohu Kaimoana considers and supports some differential for the Chathams. Te Ohu Kaimoana recognises the importance of fisheries to Ngati Mutunga and Moriori and the whole community of the Chatham Islands along with the Island’s desire to establish a more sustainable economic and social base by having a larger role in the value chain of those fisheries notwithstanding the cost realities for the island. Any measures proposed in this submission are not meant in any way to undermine that objective (quite the reverse, sustainable economics are gained from sustainable resources, not short term profit taking).
30. But the primary imperative is to look after the fishery. This means the differential should apply but not at a level that will not restrain catch effort close to the TACC with a little leeway for unavoidable bycatch.
31. This is particularly important for BNS as the Ministry manages it as if it is one stock. That means that problems in one area may affect the whole stock. Bluenose quota owners and fishers are collaborating right throughout the country to achieve this –albeit with better CPUE arising from the recovering fishery. A regime that undermines everyone else’s efforts is not acceptable.
32. We recommend that while the Annual DV should remain at the same level as present, the ramped differential levels of DV for fish being landed into the Chatham Islands should be adjusted from the current and proposed rates and be those set out on the bottom row of the following table:

#### DEEMED VALUES FOR BNS3 (\$/KG)

BNS 3	Interim	Annual 100-105%	105-110%	110-120%	120-130%	130-140%	140-150%	150-160%	>160%	>180%	>200%
<b>BNS3 Chathams 2013-14</b>	\$0.53	\$1.05	\$1.05	\$1.05	\$1.26	\$1.26	\$1.47	\$1.47	\$1.68	\$1.89	\$2.10
<b>BNS3 Elsewhere</b>	\$2.70	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$10.00	\$10.00
<b>MPI BNS3 Chathams Proposed 2014-15</b>	\$0.95	\$1.05	\$1.05	\$1.05	\$2.00	\$4.00	\$5.00	\$6.00	\$10.00	\$10.00	\$10.00
<b>Te Ohu Kaimoana Proposed DV for BNS3 landed to Chathams 2014-15</b>	\$0.95	\$1.05	\$1.05	\$1.50	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$7.00	\$7.00

33. This set of DVs for BNS3 landed into the Chatham Islands will deliver the three key policy outcomes sought. First, they will appropriately provide for fishers with a reasonable margin for unavoidable bycatch when catching with the ACE held by the fisher; second, it will send clearer signals to not continue fishing when well in excess of the ACE held and reasonably available; and

third it will retain a suitable margin for landing fish into the Chatham Islands, recognizing that the fishery is under a rebuild regime.

34. We consider that in combination, these DVs, the commitment from BNS quota owners to continue funding additional analysis, catch sampling and Management Strategy Evaluation undertaken by FINZ, and the setting of TACCs based on this work, will provide the Minister with continued confidence that these measures are sufficient to continue the rebuild of the BNS fishery within a suitable timeframe, while still retaining an ability for the Chatham Islands to progress its wider development objectives.
35. Te Ohu Kaimoana expects that MPI will continue with industry to assess the effectiveness of these measures (and across other BNS fishstocks) and that consistent with having the DV values set to achieve the sustainability outcome without being un-necessarily punitive, the ongoing DVs will be adjusted as the fisheries recover further. We consider this important so that the overall effect is to ensure sustainability of the fishery and encourage full reporting.
36. This review process is of course not unique to the Bluenose fisheries. We are aware that FINZ has requested a working group be set up with industry participants to look at the overall regime. Te Ohu Kaimoana would seek to participate in the working group to ensure the long-term interests of iwi are reflected in its considerations.
37. Please contact Laws Lawson 021 529 701 or [laws.lawson@teohu.maori.nz](mailto:laws.lawson@teohu.maori.nz) if there are any queries on any aspect of the submission.