



15 January 2010

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Ministry of Fisheries
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INTRODUCTION OF PATAGONIAN TOOTHFISH INTO THE QMS

1. This submission is from Te Ohu Kai Moana Trustee Ltd (Te Ohu Kaimoana) in its role as corporate trustee of Te Ohu Kai Moana Trust. The submission is in response to the above consultation document released by the Ministry of Fisheries on 25 November 2009. This submission does not remove the responsibility for the Ministry of Fisheries to consult with iwi/Maori and other stakeholders in the appropriate manner. Nor does it seek to undermine any submission that you may receive from individual iwi or iwi collectives.

Rationale for introduction

2. There appear to be two drivers for introduction of this species into the QMS: the potential for current open access arrangements to lead to sustainability concerns, and the desire of some companies to obtain secure rights in the fishery as the basis for investment in its development.

Sustainability

3. The MFish paper suggests that there are presently no sustainability concerns in this fishery but that with the current open access arrangements in the New Zealand EEZ, the species' high value could attract the interest of fishers and result in "an increase in catch and effort over a relatively short time frame". MFish notes that "while this could provide additional information on the fishery, it could also result in sustainability concerns".

Utilisation - the development of new fisheries

4. The MFish paper signals that "fishers wishing to further develop the fishery for this species are currently unwilling to invest significant resources in doing so without security of access to the fishery." This is undoubtedly true - the QMS provides a firm basis for developing new fisheries due to the certainty created for quota owners that they will reap any benefits that might arise from their investment in those fisheries.

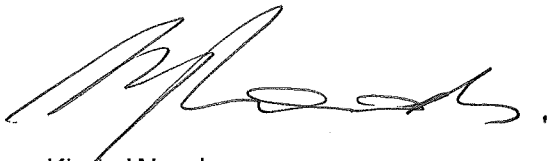
Costs

5. While secure access is fundamental to the development of new fisheries such as toothfish, there are other matters that need to be addressed to provide sufficient incentives for development. These include the high costs of “proving up” a fishery: the process needs to be undertaken in a way that results in sufficient revenue being obtained to offset a substantial amount of these costs.
6. The costs of fishing for toothfish are high and as MFish notes, there is some debate as to whether there is likely to be a viable fishery within New Zealand’s EEZ. For instance very low numbers of this stock have been caught by vessels in the Northern CCMLR area, the High Seas and in New Zealand’s EEZ – all thought to be included within the likely range for this stock.
7. MFish also notes that while there has been exploratory fishing carried out in the New Zealand EEZ in past years, it was not until 2009 that further targeted fishing for toothfish was carried out and “on occasion, resulted in commercially viable catch rates being achieved”. Nevertheless, there is still uncertainty regarding the distribution of the species within the EEZ and the potential size of the resource and whether such occasional viable catches would be sufficient to sustain a commercial operation on an ongoing basis. In that regard, we are aware that Sealord – in their comments to you (12 January) do not consider there is a commercially viable fishery in the New Zealand EEZ.
8. As MFish notes, the stock is likely to be the same as that found in the Australian EEZ (around Macquarie Island and the Aurora Trough). Sealord’s response to you suggests that the size of the fishery found in these areas – which is managed within catch limits, is proving to be viable. MFish notes that it has already made approaches to Australian authorities to inform them that New Zealand is considering introducing toothfish into the QMS and, depending on the Minister’s decision, that they would discuss proposed sustainability measures with them. We support such a proactive approach, along with approaches to other organisations that have jurisdiction over this stock.
9. We also refer to Sealord’s comments about the high cost of any research necessary to gain information for management of this stock on an ongoing basis, along with the likelihood that the stock would be introduced with a low TAC. The costs of research required to prove the fishery may be so prohibitive as to prevent such exploratory work getting underway. The challenge for any company wishing to invest in proving up the fishery will be to implement exploratory work in a cost effective way.
10. We note that MFish acknowledges these concerns, however they are satisfied any research program would be modified to reflect the total value of the stock. A special permit would likely be required for several years to enable sufficient revenue to justify the investment. We suggest that in discussions with the Australian government, the prospect of an integrated approach to research be raised.
11. If toothfish is to be introduced into the QMS, iwi will obtain 20% of the quota shares and the Crown will tender the remaining 80%. A key issue is what level of benefit is likely to accrue to quota owners in this fishery – and whether these will outweigh the costs of management. Ultimately – if companies cease efforts to fish for toothfish in the area, iwi will be left with quota shares that could continue to attract levies, but that do not yield benefits, for example due to a lack of markets for the ACE.

Conclusions

12. Te Ohu Kaimoana welcomes the introduction of any new species that is likely to provide a viable fishery in which iwi can share the benefits. However we have some concerns that the costs of developing the toothfish fishery could be prohibitive and that iwi will be left with quota that incurs costs with no benefits. We consider these issues are common to other developing fisheries and suggest that further thought needs to be given to measures to rationalise the costs associated with development, while ensuring long term sustainability.
13. The case of Patagonian toothfish presents even more of a challenge given that it is likely to be a straddling stock. Early discussion with the Australian authorities should take place to identify the implications of management measures that might apply to the New Zealand based stock within the QMS. In addition, we can see merit in establishing a joint approach to research so that research activity is integrated across the stock in a cost effective way.
14. We would welcome the opportunity to discuss these matters further with you. I can be contacted on 931 9534, or kirsty.woods@teohu.maori.nz.

Naku noa, na



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