



**INTRODUCTION OF NEW STOCKS INTO THE QUOTA
MANAGEMENT SYSTEM by 1 OCTOBER 2003**

OPTION 4 SUBMISSION

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1. INTRODUCTION

The Minister of Fisheries (the Minister) has commenced an “initial consultation process” under Section 19(7) of the Fisheries Act 1996 on proposals to introduce six species of fish and one species of marine invertebrate (sea urchin) into the Quota Management System (QMS) on 1 October 2003.

The Ministry of Fisheries (MFish) has prepared a Consultation Document (May 2002), supported by a technical report on the Weighting Methodology (September 2001) used to determine whether a species should be included within the QMS, two other technical reports on sea urchins (kina), skate and leatherjacket, and a summary of information available on kingfish to support its recommended policy decisions on these species’ introduction to the QMS.

MFish has conducted a series of public meetings where the proposals have been briefly discussed with interested parties, and the public and stakeholders have been given a period of six weeks to make submissions on the proposals to the Minister.

This document comprises option4’s submission on the proposals to introduce these seven new species into the QMS. option4 is a non-profit, non-governmental organisation (NGO) that promotes the interests of marine recreational fishers in New Zealand.

2. OPTION 4 ORGANISATION

2.1 Background

option4 was formed in the year 2000 by a concerned group of recreational fishing advocates, in response to MFish’s invitation to participate in the process of redefining the nature and extent of the rights of the public to fish and gather seafood in New Zealand.

MFish, in conjunction with the New Zealand Recreational Fishing Council, compiled a discussion document called "Soundings". This document suggested three options for the future management of the public's rights and access to public fisheries.

In option4’s opinion, none of the three options presented were acceptable for future management of New Zealand’s recreational fisheries, nor were they capable of improving the lot of non-commercial fishers. This was because all of the proposed options in the “Soundings” document allowed for the continual erosion of the fishing public’s individual rights.

option4.co.nz was developed to ensure that the fishing public, clubs, and organisations, as well as individuals, could send a clear message to the Government’s fisheries managers on precisely what is required to ensure that the rights of current and future generations of non-commercial fishers are protected.

2.2 Participants

Since its formation two years ago, option4 has gained widespread support from the recreational fishing public, clubs and organisations of New Zealand. In 2001 over 61,000 individual submissions supporting the principles of option4 were made to the Minister on the "Soundings" process. This represented an overwhelming majority of 98.3% of total submissions received on the issue. Since then, over 35,000 further individuals have made their support known to option4. Through its nationwide network, and with on-going support amongst recreational fishing clubs and organisations, option4 has established that it has the support of the majority of the recreational fishing public of New Zealand.

2.3 Principles of option4

option4 objective:

"To carry the four principles of option 4 all the way through the rights redefinition process and to have those principles enshrined in legislation."

option4 principles:

- 1.** A priority right over commercial fishers for free access to a reasonable daily bag-limit to be written into legislation.
- 2.** The ability to exclude commercial methods that deplete recreationally important areas.
- 3.** The ability to devise plans to ensure future generations enjoy the same or better quality of rights while preventing fish conserved for recreational use being given to the commercial sector.
- 4.** No licensing of recreational fishers.

2.4 Submission by option4

Traditionally the recreational fishing public has not been well represented in the formal fisheries policy process in New Zealand. option4 intends to continue to take a more active role in future by making submissions to policy processes of interest to the recreational fishing sector. This submission to the proposed introduction of seven new stocks into the QMS on 1 October 2003, represents the combined outcome of consultation across the option4 network on this latest fisheries management proposal of interest to the recreational fishing sector.

3. FISHERIES POLICY DEVELOPMENT

In July 2000 the Minister of Fisheries Pete Hodgson began the "Soundings" public consultation process on the future management of marine recreational fishing.

The recommendations of the joint working group (Ministerial Consultative Group) were for the Minister to support further policy development to:

- better define the public share of and access to fisheries;
- improve the management of recreational fishing;
- rule out licensing;
- improve education and information on fisheries management;
- improve measurement of the recreational catch;
- seek more input and participation of iwi in future policy development.

Unfortunately the result of the "Soundings process" has been for the Minister to ignore the unmistakable desire of the public to have formalised in legislation their recreational fishing right as a clear priority over commercial fishing rights. There appears to have been little progress on the other matters noted above over the past two years.

option4 is making these submissions on the "new stocks into the QMS" issue in good faith, as it did for the "Soundings" process.

We hope that the Minister, and the Ministry, will take seriously our submissions on this latest issue. We trust that there will not be a repeat of our experience with the "Soundings process", where it seems that the Minister, and the Ministry, are continuing with a pre-decided policy *not supported* by the majority of the affected stake-holders, thus making a mockery of the "consultation" process.

4. QUOTA MANAGEMENT SYSTEM

option4 supports the principle of sustainable management of fisheries resources so that current and future generations of fishers (both commercial and non-commercial) may continue to enjoy access to a reasonable catch of fish within the limitations of the natural system which supplies it, and the laws which govern its use.

New Zealand is a world leader with the adoption of the QMS based on sustainable management principles, affording commercial fishers defined property rights (ITQ) based upon a freely tradable quota allocation of seafood resources on a species by species basis. It is commonly understood, and accepted by recreational fishers, that fisheries resources are allocated by the Government on the basis of a Total Allowable Catch (TAC), allocated in the following priority order:

- i) Maori customary non-commercial take (MCNC);
- ii) Recreational non-commercial take (RNC); and,
- iii) Commercial take - including Maori commercial take (TACC).

Therefore $TAC = MCNC + RNC + TACC$.

For all practical purposes at present, the MCNC is included within the regulations that govern amateur bag limits, that is, MCNC is part of the non-commercial recreational take (RNC).

Section 21 of the Fisheries Act 1996, its' pertinent case law, and Te Tiriti O Waitangi (Fisheries Claims) Settlement Act 1992 (Settlement Act) establish these rights and priorities in law.

option4 also understands that this latest consultation round on new species into the QMS is a response to the Crown's obligations under the Settlement Act to allocate 20% of commercial fisheries (TACC) to Maori. The mechanisms by which the Crown meets its obligations under the Settlement Act is a matter between the Crown and tangata whenua. However, care needs to be taken that the rapid introduction of new species into the QMS doesn't create further fisheries management difficulties with the recreational sector, *including* the Maori non-commercial customary fishers.

The other issue of concern to option4 is the robustness of the scientific and policy papers (or lack of them), which the Ministry is using to support its recommendations on fisheries management. This issue is detailed further below.

5. PROPOSAL TO INTRODUCE NEW STOCKS TO QMS BY 1 OCTOBER 2003

5.1 Policy Background

As noted above, the policy background to these proposals includes the proposed reform (?) of recreational fishing rights and recreational fishing management, discussions between the Crown and Te Ohu Kaimoana regarding the Crown's obligations to allocate 20% of commercial fisheries (TACC) to Maori, and the Ministry's on-going review of sustainability measures and other management controls for the 2002-2003 year.

These policy activities are all by nature interlinked, and option4 has kept these in mind when looking at new policy proposals that affect recreational fisheries management.

Specifically, option4 is commenting on the seven species proposed for introduction into the QMS because they are all species of interest to recreational fishers, with kina, eels and kingfish being of particular recreational importance.

5.2 Analysis of Supporting Documentation

5.2.1 Consultation Document (MFish 2002)

The Consultation Document entitled “*Introduction of New Stocks into the Quota Management System on 1 October 2003*” provides a useful brief summary of the policy process, characteristics of the species being considered, costs and benefits of introducing each into the QMS using a weighting system driven by “Expert Choice”, and the recommendations that the Ministry is making on whether or not to manage a species under the QMS.

option4’s submissions on each of the species proposed appear under the relevant sections below, but first we wish to comment on the weighting methodology used to derive the “cost-benefit” analysis.

5.2.2 Cost-Benefit Analysis (SeaFIC & McDermott Fairgray 2001)

We have studied the Fisheries Research Report SEC 2000-02-SIC entitled “*Analysis of Costs and Benefits in Making Fisheries Management Decisions*”, and we have major reservations regarding the validity and credibility of this report and its use as a tool to make the important management decisions being proposed.

Our reservations may be summarised as:

- i) Conflict of interest for the authors of the report;
- ii) Major change to the brief halfway into the project;
- iii) Obvious severe time pressure on the project team to produce results quickly to meet a political timetable;
- iv) Unidentified “expert” panel with little, if any, opportunity for or representation of “experts” from non-commercial stakeholder groups;
- v) Reliance on “expert” evaluations by an “expert” panel dominated by commercial industry interests;
- vi) Pressure, including threats of legal action, on the unidentified respondents using the new methodology to come up with a result favourable to commercial fishing interests;
- vii) No independent peer review of a methodology never before used in New Zealand;
- viii) New (un-peer reviewed) methodology trailed in only two case examples (one finfish example, and one shellfish example), and then declared as ‘fit for use’ for every other species;

- ix) Extensive theoretical discussions of resource economics issues, but little hard data or meaningful analysis of economic factors that might assist fisheries resource managers to make sound decisions on allocation issues (see point (x) below for a scenario where such analyses may be useful);
- x) An untested underlying assumption that just because a species can be assigned a TACC, then it is worth commercially fishing;
- xi) No external publication of results of the research prior to its wider use, thus reducing the opportunity for outside experts to independently evaluate the results of the research project;
- xii) Little, if any, hard data or analysis of possible significant environmental or economic effects or outcomes of species managed under a non-QMS versus QMS management regimes (ie, no secondary effects analysis).

It is a major concern of option4 that the central methodology used to conduct the cost-benefit analysis for making fisheries management decisions has been devised and manipulated by a commercial fishing industry group with little, if any, meaningful input from other stakeholders, and no peer review by any truly independent suitably-qualified authority. This is like putting the foxes in charge of the chicken coop, and then walking away.

We were astounded to read, in this supposedly professionally-prepared report, that during the critical weighting exercise by five unidentified parties, one party commented:

“During the 3 July cost-benefit exercise it was apparent that the consultant (SeaFIC) facilitating the exercise had a conflict of interest as he did not stay neutral in his role. Instead, on several occasions he attempted to influence participant’s decisions. It should be noted that the methodology and criteria in its final form was not presented until the cost-benefit exercise. These should have been finalised and agreed to well before 3 July. The two main reasons for this were (1) change in priorities by MFish to bring more species into the QMS in a short amount of time, and (2) one consultant’s ongoing efforts to unilaterally influence the direction and therefore the methodology of the exercise. This influence included threats of legal action if MFish failed to agree with him. It was clear that the consultant continued to influence the exercise in favour of the fishing industry.”

pages 95-96 SeaFIC Report 2001.

It appears that the project manager was changed part-way through the project (this in itself is not a happy situation); however, as far as we can tell, the cost-benefit analysis was not re-run, and the compromised version has been presented in the final report. This is unacceptable, especially when taxpayers’ money has been used to pay for this report.

We are aware that multi-criteria analysis (MCA), the Analytical Hierarchical Process (AHP) procedures and computer software “Expert Choice” may have some merit, but there are some criticisms in the literature regarding their use in similar applications to those proposed.

- We consider that the Minister should:
 - (a) Commission a proper peer review of this report by a suitably-qualified authority (the National Institute of Water and Atmospheric Research (NIWA), or the Centre for Sustainable Fisheries at the University of Miami would be acceptable);
 - (b) Re-convene a panel of experts with representation from all stakeholders to re-run the cost-benefit exercise and report to the Minister;
 - (c) Require the authors of the SEC 2000-01- SIC report to contribute to 50% of the costs of the peer review and cost-benefit analysis re-run.

There would be ample time over the next six months to complete this peer review before the end of the objection period in December 2002.

5.2.3 Sea Urchin Report (NIWA 2001)

The Sea Urchin (kina) report is an excellent summary of the world-wide resource management position of commercially-harvested kina-like species. It provides a timely warning of the consequences of uncontrolled ‘hunter-gatherer’ harvesting of a relatively sessile marine species that is incapable of escaping from sustained predator pressure by human beings. Notable from the dive and dredge catch records for New Zealand is the irregular harvesting tonnage, possibly driven more by catch effort than individual localised abundance of kina (“*small spatial scale*” of the fishery). Data for the culturally important Maori customary (recreational) fishery are sparse, but there does appear to be an overall downward trend in catches, with NIWA noting that:

*“There remains no formal assessment of the sustainability of **any** kina fishery...there remains a risk that the current management regime does not meet the sustainability obligations under the Fisheries Act 1996. This is particularly the case in SUR 1 (North Cape-East Cape) and SUR 4 (Chatham Islands).”*

page 70, NIWA 2001

Unfortunately option4 has no information to add to the knowledge base regarding recreational take of kina, apart from anecdotal observations that some kina resources close to large population centres have become more depleted in recent years.

option4 considers that the kina resource must have priority as a resource managed for its traditional and cultural importance for Maori.

- In that respect, option4 supports the proposals made for kina in paragraphs 58-60 of the Consultation Document, and notes that the input of iwi on this issue should be particularly noted by the Minister;
- It also appears to us that there is a critical need to make more accurate stock assessments of the kina resource, and that it is unwise to say that “*Some stocks may be able to support increased harvest levels*” when the species’ vulnerability as a sessile animal, its catch histories, the NIWA analysis, and anecdotal reports all point to the fishery needing conservative management.
- For sustainability reasons, option4 supports the introduction of kina into the QMS.

5.2.4 Eels – Chatham Islands (MFish 2002)

A brief summary of the Chatham Island eel fishery is included in the Consultation Document. option4 has no further information to add, but notes that it considers that together with the best available fishery information, the views of the iwi and people of the Chatham Islands on the management of their freshwater eel fishery should have priority with the Minister.

- option4 supports the proposals made for Chatham Island freshwater eels in paragraphs 51-54 of the Consultation Document, and notes that the input of the iwi and people of the Chatham Islands on this issue should be particularly noted by the Minister;
- For sustainability reasons, option4 supports the introduction of Chatham Island freshwater eels into the QMS.

5.2.5 Skates and Leatherjackets (NIWA 2002)

Skates are not commonly targeted by recreational fishers. It is noted that skate are a bycatch of commercial fisheries, and that catches have been trending downward.

- option4 supports the proposals made for skate in paragraphs 44-46 of the Consultation Document, and submits that skate catches should only be authorised as a bycatch in relevant commercial fisheries (eg. red cod);
- For sustainability reasons, option4 supports the introduction of skate into the QMS;
- option4 also supports the recommendations made in the NIWA 2002 report regarding skate species coding and catch monitoring.

Leatherjackets are a minor recreational species, reef-dwellers that probably have a limited range, being mostly a bycatch of commercial trawls. Their reproductive biology (relatively low fecundity) also makes them vulnerable to overfishing.

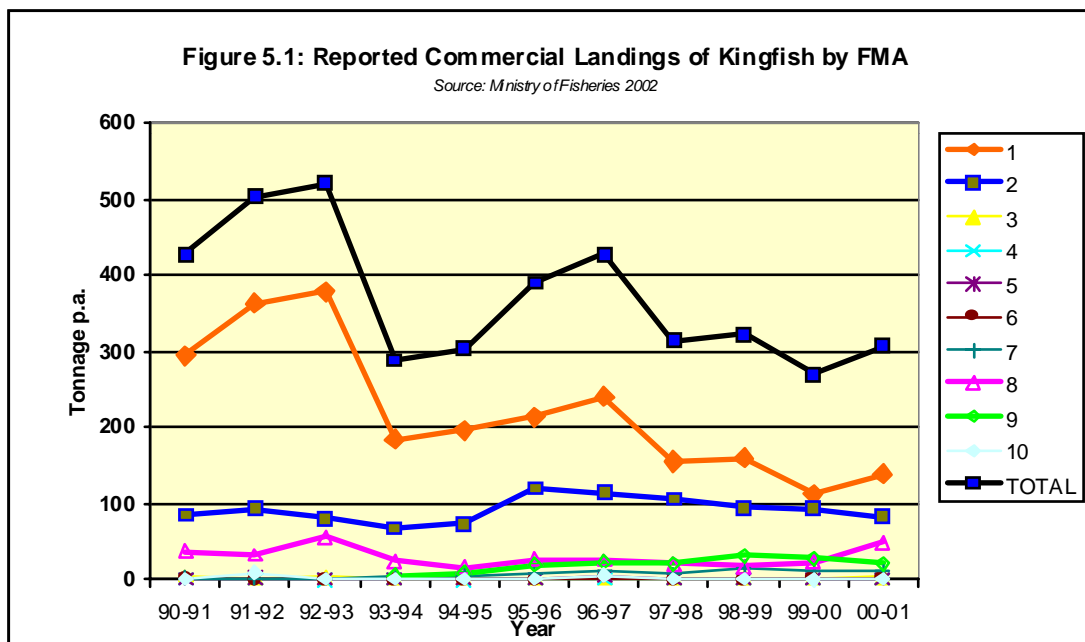
- option4 supports Option 1 for leatherjacket management areas in paragraphs 59-61 of the Consultation Document, and submits that leatherjacket catches should only be authorised as a bycatch in relevant commercial fisheries (eg. West Coast snapper and trevally);
- For sustainability reasons, option4 supports the introduction of leatherjackets into the QMS.

5.2.6 Kingfish (MFish 2002)

Kingfish is a prime recreational species, probably ranking as second only to snapper as a target species for recreational fishers in northern parts of the country. This is also where the majority of the recreational fishing population of New Zealand resides, and where most of our international recreational fishing tourism industry operates.

Technical information on this important species in New Zealand is limited to a summary in the Consultative Document, and a short report from the Ministry's Pelagic Fisheries Stock Assessment Working Group (May 2002). Information from two significant research projects into kingfish (KIN 2000/01 Age, Growth and Mortality, and KIN 2002/01 Stock Structure) is not yet available.

Kingfish are known to be subject to localised depletion, and are taken as bycatch in a number of commercial fisheries. Recreational fishers have consistently reported reductions in kingfish size for individual fish caught, and catch history data shows a steep downward trend, a brief recovery, then a further downward trend in commercial landings over the past ten years, see *Figure 5.1*.



It can be noted from this data that the kingfish fishery is strongly influenced by catches taken in FMA 1 (North Cape-East Cape).

Limits in minimum legal size (MLS) and net mesh appear to have had some positive effects in slowing the depletion of the fishery, but option4 is still very concerned with the downward trend that this fishery is experiencing in both the quality and quantity of the recreational and commercial catch. The trends shown in the figure above illustrate that the fishery is currently not operating in a sustainable fashion, ie. as an approximately level straight-line trend around a reasonably stable average catch tonnage.

Data from the commercial kingfish fishery in New South Wales, Australia, illustrates how vulnerable kingfish are to commercial fishing (FRDC Project No 07/126). Catch data over the past 15 years shows a dramatic 75% reduction in catch tonnages from around 600 tonnes in the late 1980's to around 100-150 tonnes 1999-2000. Given the already depressed state of the kingfish fishery in New Zealand, and the critical role that the FMA 1 area plays in the fishery, we consider that it would be most unwise to open the fishery up to TACC commercial pressure.

option4 believes that kingfish should be managed as a non-commercial species only for several reasons:

1. We have already outlined in detail above why we conclude that the Ministry's cost-benefit exercise (SeaFIC 2001) on non-QMS management versus QMS management has little validity or credibility;
2. Kingfish are a prized recreational species in New Zealand, second only to snapper, especially in the North Island of New Zealand;
3. Kingfish are only a medium value commercial species, with commercial returns in the order of \$3.07 per kilogram (kg) (SeaFIC 1999-2001);
4. Data from New South Wales, and from the New Zealand experience in the early 1990's, where certain fishing methods contributed to a 43% reduction in catches over a period of just two years, demonstrates how vulnerable kingfish are to targeted commercial fishing methods;
5. Kingfish are a localised species, inhabiting relatively small feeding and breeding ranges in coastal areas;
6. Little is known of their reproductive biology, fecundity, life cycle, geographical range, habitat preferences, and interactions with prey species (which are also species also targeted by commercial fishers) such as pilchards and anchovies;
7. Kingfish would be better managed, and less vulnerable to spectacular population depletions, as a premium non-commercial fishery where individual catches of kingfish in both domestic fishing and tourist markets probably already contribute greater economic value and a higher economic multipliers than commercial catches. For example, a single catch of one individual kingfish on one day on a commercial recreational charter boat could bring

between \$2,500-\$5,000 into the local economy, depending on whether the charter boat clients were from New Zealanders or overseas;

8. The potential total TACC value for kingfish would be very small, at only a few hundred tonnes, leading to a total commercial fishery possibly worth less than \$NZ1 million. Would commercial fishers really go to sea for such a small return?

option4 also considers that the MFish proposals to manage the kingfish fishery using large Fisheries Management Areas (FMA) do not adequately acknowledge the importance of preventing localised depletion of this fishery.

option4 supports the New Zealand Recreational Fishing Council's original proposal to manage FMA 1 in five local areas – Northland, Hauraki Gulf, Coromandel/Bay of Plenty, East Cape/Gisborne, and Hawke Bay. We do not consider that dispute resolution processes or fisheries plans will be effective in management, as we need to have a management system that is pro-active (not reactive), capable of being instituted rapidly, and capable of being enforced properly. In addition, the commercial catch history data and demographics of recreational fishing (ie. most kingfish is caught commercially in FMA 1, and most recreational fishers fish in FMA 1), indicate that if the North Cape to East Cape resource is managed well, then the rest of the fishery will be in good shape too. MFish has stated that “*the increased costs of more numerous smaller QMAs could not be justified...*”, but has provided no data to back up this claim, and no information on ways in which the proposed “local FMAs” could be managed efficiently and effectively. option4 requests that this “localised FMA” proposal be seriously considered by the Ministry;

- Apart from the above, option4 supports MFish's Option 1 for kingfish QMA boundaries;
- option4 supports the continuation of MLS, mesh size, and restricted methods of fishing of kingfish by appropriate regulations;
- option4 submits that the kingfish fishery should be retained as an exclusively non-commercial recreational fishery outside of the QMS, to protect it from commercial fishing pressure, and to further develop it as a premium-value recreational fishery.

5.4 Conclusions

option4 supports the principles of sustainable management of fisheries for the benefit of current generations and future generations to come.

For sustainability reasons, as a general principle, option4 supports the inclusion of fisheries stocks within the QMS, but considers that this does not necessarily mean that it is appropriate to make a TACC allocation for any particular marine species.

Option4 submits that kingfish are a special case. option4 considers that kingfish should be managed as a prime recreational fishery, using 'local FMAs' inside FMA 1 in order to prevent local depletion of the resource.

Kina are of particular traditional and customary importance to Maori, and their management should occur with close attention to Maori input on this issue.

6. ACTIONS SOUGHT

This section summarises the actions sought by option4 on behalf of recreational fishers in New Zealand with regard to the proposed introduction of seven new stocks into the QMS.

- That the Minister:
 - (a) Commission a proper peer review of the SEC 2000-01- SIC report by a suitably-qualified authority (the National Institute of Water and Atmospheric Research (NIWA), or the Centre for Sustainable Fisheries at the University of Miami would be acceptable);
 - (b) Re-convene a panel of experts with representation from all stakeholders to re-run the cost-benefit exercise and report to the Minister;
 - (c) Require the authors of the SEC 2000-01- SIC report to contribute to 50% of the costs of the peer review and cost-benefit analysis re-run.
- That the species proposed be included in the QMS, except for kingfish.
- That the kingfish fishery remain outside the QMS, to be preserved as a prime recreational fishery, and that no TACC for kingfish be made.
- That the kingfish resource in FMA 1 be managed in five local FMA areas to prevent localised depletion of the resource.
- That MLS, mesh size, and restricted methods for the fishing of kingfish are continued by the use of appropriate regulations.

option4 thanks the Minister and the Ministry for the opportunity to make these submissions, and looks forward to your reply.

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on behalf of
THE TEAM AT OPTION4