



Initial Position Paper on a proposed in-season increase for Red Cod (RCO 2)

MPI Discussion Paper No: 2013/09

ISBN No: 978-0-478-40574-3 (online)
ISSN No: 2253-3907 (online)

April 2012

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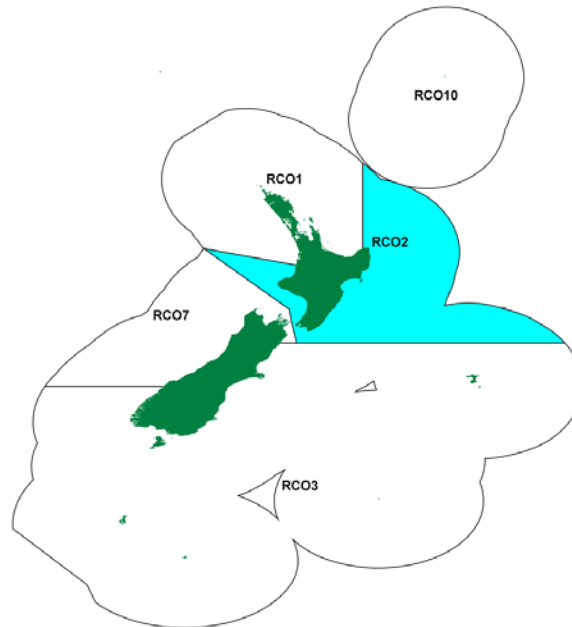
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Contents	Page
Introduction	1
Consultation	2
Context	3
Need to Act	3
Management Approach	3
Biological characteristics of RCO	4
Stock Status	4
Other Key Considerations	6
Proposed Response	7
Option 1 (Status Quo)	7
Option 2	7
Conclusions	9

Introduction

Figure 1: Quota Management Areas (QMAs) for red cod (RCO) stocks, RCO 2 indicated by shading.



1. The Ministry for Primary Industries (MPI) is seeking tangata whenua and stakeholder information and views in regard to red cod in Quota Management Area (QMA) 2 – RCO 2 (see Figure 1) to inform:
 - options for an in-season increase in the total allowable catch (TAC¹), and
 - associated options for creating additional annual catch entitlement (ACE).
2. MPI proposes the following options for the TAC, the total allowable commercial catch (TACC) and ACE (Table 1):

Table 1: Proposed TACs, TACCs and ACE for RCO 2

Option	TAC (t)	TACC (t)	ACES68 in-season (t)
Option 1 (status quo)	500	500	0
Option 2 (preferred option)	619	500	119

3. MPI's initial preference is for Option 2 as it provides for increased economic opportunities in the RCO 2 fishery within the sustainable limits that have been determined from the best available information.

¹ The TAC for this stock was set by a notice under the Fisheries Act 1983. An amendment to the Act deemed this TAC to also be the TACC. Subsequently, no allowances were made for customary, recreational fishing or other sources of mortality. These allowances will be made when the baseline TAC for this stock is set under section 13 of the Fisheries Act 1996.

Consultation

4. This Initial Position Paper (IPP) provides the Ministry for Primary Industries' (MPI's) initial views on options for an in-season increase in the total allowable catch (TAC), and associated options for creating additional annual catch entitlement (ACE) for Red cod in area 2 (RCO 2).
5. MPI has developed this IPP for the purpose of consultation as required under the Fisheries Act 1996 (the Act). MPI emphasises the views and recommendations outlined in the paper are preliminary and are provided as a basis for consultation with stakeholders.
6. In April 2013, MPI will compile the Final Advice Paper (FAP) for the attached proposal. This document will summarise MPI's and stakeholder's views on the issues being reviewed, and provide final advice and recommendations to the Minister for Primary Industries. A copy of the FAP and the Minister's letter setting out his final decisions will be posted on the MPI website as soon as these become available. Hard copies will be available on request.
7. MPI welcomes written submissions on the proposals contained in the IPP. All written submissions must be received by MPI no later than 4pm on Tuesday, 22 April 2013.
8. Written submissions should be sent directly to:

Inshore Fisheries Management
Ministry for Primary Industries
P O Box 2526
Wellington 6011

or emailed to FMSubmissions@mpi.govt.nz
9. All submissions are subject to the Official Information Act and can be released, if requested, under the Act. If you have specific reasons for wanting to have your submission withheld, please set out your reasons in the submission. MPI will consider those reasons when making any assessment for the release of submissions if requested under the Official Information Act.

Context

NEED TO ACT

10. Red cod is included on Schedule 2 of the Fisheries Act 1996 (the Act). Schedule 2 applies to stocks that have a high inter-annual variability. For any of these stocks, s13(7) of the Act allows the Minister for Primary Industries² (the Minister) to increase the TAC within a fishing year. The Minister may do so only after considering stock abundance information for the current fishing year and after having regard to the matters specified in subsections 13 (2) and (3) of the Act.
11. In February/March 2013, the results of the assessment of abundance of RCO 2 for the 2012/13 fishing year was presented to the Southern Inshore Stock Assessment Working Group (the Working Group). Based on the in-season management procedure, it was deemed a TAC increase of 238 tonnes could be made.
12. Listing on Schedule 2 provides for increased utilisation during periods of higher abundance, enabling greater benefits to be obtained without risking stock sustainability. An in-season increase for RCO 2 will provide for favourable economic and social outcomes from this fishery. However, MPI also notes there is always risk inherent in the accuracy of such a procedure but considers this option to be low risk based on the available information.

MANAGEMENT APPROACH

13. Red cod stocks are managed within the draft National Fisheries Plan for Inshore Finfish (the Finfish Plan). The Finfish Plan is an MPI policy document which came into operation from July 2011. It sets out management objectives for stocks including RCO 2. Within the Finfish Plan, stocks are grouped based on their characteristics of biological vulnerability and desirability to fishers. The management approach and objectives are tailored accordingly.
14. RCO 2 is a Group 6 stock within the Finfish Plan. Management objectives for Group 6 stocks include:
 - Enabling utilisation of each stock.
 - Ensuring catch is at a level that is sustainable.
15. Stakeholders are presented with two options on how they wish to manage the RCO 2 stock: the current management approach for the Group 6 stocks or a possible in-season increase as a permanent option.
16. Group 6 fish stocks are low value stocks for which there is limited stock information. The management approach for Group 6 stocks, including RCO 2, is designed to provide opportunities

² The Minister for Primary Industries now exercises the powers and responsibilities of the Minister of Fisheries under the Fisheries Act 1996.

for stakeholders to develop the potential of these fisheries to achieve greater benefits, while minimising costs. The TACs for Group 6 stocks are set taking into account the lower quality stock abundance information on available for them. For red cod this would mean a TAC set to ensure sustainability during periods of average abundance and would not be adjusted often. Such a framework reduces management costs and provides fishers the flexibility to take advantage of fisheries resources during periods of high abundance.

17. The alternative approach (proposed in this paper) suggests a development pathway for RCO2. Under the proposed development trail RCO 2 will be managed using in season adjustments consistent with fisheries managed under group 2 of the fish plan. An initial trial period will be put in place allowing fishers to take greater advantage of changes in stock abundance, but which requires annual research to support any in-season changes. If, at the conclusion of the trial period fishers within the RCO 2 fishery decide they prefer the in-season model, MPI's management goals are met and the research gathered supports it, RCO 2 will be re-listed as a group 2 stock and associated management costs passed back on to quota holders.

BIOLOGICAL CHARACTERISTICS OF RCO

18. Red cod are a fast-growing, short-lived species with highly variable recruitment. These factors result in variable stock abundance and large variation in catches between years.
19. Red cod enter the fishery at approximately two years of age and few fish older than six years remain in the commercial fishery. This results in pulses of recruitment producing large amount of biomass moving through the fishery.

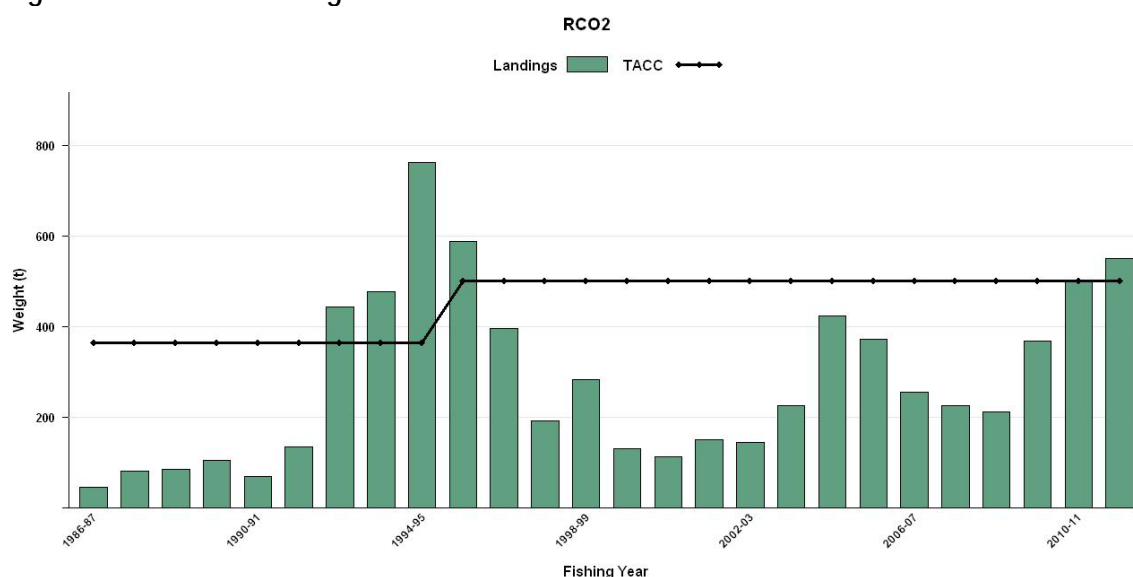
STOCK STATUS

20. It is not known whether the RCO 2 stock is currently at or above the level that can produce the maximum sustainable yield (MSY). Consequently, there is not sufficient information to assess whether the current TAC or the proposed in season increase will maintain the RCO 2 stock at or above a level that can produce MSY. Estimates of current and reference biomass are not available for red cod in RCO 2.
21. The CPUE index, thought to be reflective of abundance, has been increasing since 2000. This suggests that the current level of fishing intensity does not have a negative impact on the stock.
22. The red cod fishery is characterised by large variations in catches between years, both within and among seasons. Research indicates that this inter-annual variation in catch is due to varied recruitment causing biomass fluctuations rather than a change in catchability.
23. Trawl surveys and catch sampling of red cod have shown that the fishery is based almost exclusively on two and three year old fish and is highly dependent on recruitment success. From

commercial-catch data, recruitment seems to be negatively correlated with sea surface temperature. Recruitment appears largely controlled by climatic variability that prevails during early life history. Because the fishery is based almost exclusively on 2+- and 3+-year-old fish, a strong or weak year class can have a major impact on abundance in the fishery.

24. Much of the catch in RCO 2 is caught as bycatch (96.7% of the RCO2 catch between 2007-08 and 2011-12), the main three target species being gurnard (38.7%), tarakihi (35.3%) and flatfish (18.1%). Around ninety five percent of targeted RCO 2 landings is taken by bottom trawl, the remaining 5% is taken by set net and midwater trawl. Peak catches in the trawl fishery occur in summer for most of RCO 2.
25. The disparity between the TACC and historical reported landings indicates that the TACC is not generally attainable. At the time of the introduction of RCO 2 to the QMS, the rationale for introducing a TACC of this magnitude was to provide the fishing industry with the flexibility to capitalise on years when red cod are plentiful. Since 1986, reported commercial landings from RCO 2 have highly fluctuated and exceeded the TACC several times (Figure 2). Following high landings in the early 1990s, the TACC was increased in 1995 from 364 tonnes to 500 tonnes. After 1996, catch did not approach the TACC again until 2010.

Figure 2: Historical landings and TACC for RCO 2



Recreational

26. Red cod is a reasonably important recreational fish species. The main method is line fishing from boat and shore.
27. There is a minimum legal size for red cod of 25cm and a maximum daily bag limit of 20 in the RCO 2 area.

28. There is no current recreational catch estimate for RCO 2, however is believed that recreational catches of RCO 2 are low compared to those of the commercial sector. MPI has commissioned new recreational research (a large-scale multi-species study, LSMS) to obtain better information about recreational harvest estimates. This should enable more accurate catch estimates to inform recreational allowance setting in the future.

Māori Customary

29. There is no estimate of the current level of customary non-commercial catch. There might have been some customary catch for RCO 2 last fishing year but there is some uncertainty about the level due to the low level of reporting.

Other Sources of Fishing-Related Mortality

30. Licensed fish receivers and/or fish processors sometimes impose processing size limits on red cod to discourage fishers from landing red cod when the species cannot be processed or when markets are unfavourable. This practice can encourage illegal dumping of fish smaller than the imposed processing size limits. This is currently less of a problem than in earlier years.

OTHER KEY CONSIDERATIONS

31. When making a decision concerning the TAC for a stock, the Minister must have regard to interdependence of stocks, the biological characteristics (discussed above) and any environmental conditions affecting the stock. MPI is unaware of any relevant environmental conditions affecting RCO 2.

Proposed Response

32. MPI is consulting on the following management options for setting for RCO 2 (Table 2):

Table 2: Proposed TACs, TACCs and ACE for RCO 2.

Option	TAC (t)	TACC (t)	ACES68 in-season (t)
Option 1 (status quo)	500	500	0
Option 2 (preferred option)	619	500	119

33. MPI considers an in-season increase in the TAC to 619 tonnes provides the right balance between sustainability and utilisation. The proposed in-season increase is based on the ratio of catch to CPUE for the first three months of the fishing year.

34. In view of the results of the in-season management procedure, MPI considers that both options proposed are consistent with the objective of ensuring catch is at a level that is sustainable for RCO 2.

OPTION 1 (STATUS QUO)

35. Option 1 is the status quo and proposes no changes to the TAC.

36. Based on the available information (discussed above), this option presents a very cautious approach to sustainability. As the CPUE analysis shows, RCO 2 abundance is high and there is potential for economic growth that will not be realised under Option 1.

37. Option 1 does not reflect commercial utilisation opportunities. This option could necessitate the additional cost to fishers of covering over-catch of RCO 2 with deemed value payments. Any overcatch would incur paying a deemed value. Last year, overcatch was approximately 50 tonnes, which corresponds to NZ\$ 13,094. Abundance is considered greater than last year. If fishers could not avoid catching red cod, then these costs could be higher than last year.

OPTION 2

38. Option 2 proposes:

- The TAC be increased from 500 t by to 619 t (approximately 23% increase).
- No changes to customary Maori or recreational allowances.

39. Option 2 proposes additional ACE be provided under s 68(1) of the Act. The best available information suggests that catches at current levels would be unlikely to cause the stock to decline. MPI considers this risk is low and Option 2 provides for some growth opportunities.

40. The management procedure concludes that a TAC increase of 238 tonnes could be made. With this increase, the TAC would be 738 tonnes. MPI is proposing an in-season increase of half this amount, 119 tonnes, as a precautionary approach.
41. Section 68(1) dictates that if a TAC is increased under s 13(7), the Minister must, under s 21(1) consider Maori customary non-commercial fishing interests, recreational interests and other fishing-related mortality and create additional ACE that equals the amount by which he would have increased the TACC, but for s 20(4). Any additional ACE will be allocated to existing quota owners.
42. Currently, the allowances for Maori customary non-commercial fishing and recreational fishing are nil. Option 2 does not consider increasing these allowances. RCO 2 is not thought to be a highly sort after species in these sectors. Regardless, the change in commercial catch is not likely to impact on availability for RCO for recreational and customary fishers.
43. Based on the 2011/2012 port price of \$0.9/kg, Option 2 would generate an additional \$107,100 of revenue compared to Option 1 (the status quo).
44. If increased, the TAC would revert to existing levels at the close of the 2012-13 fishing year on 30 September 2013 (s13(8) of the Act). ACE for 2013/14 will be based on the TACC at 1 October 2013. This paper does not propose changes to the TACC.

Initial Consultation

45. During March 2013, MPI had preliminary discussions with some stakeholder representatives. MPI sought views on the options to be included in this paper. The management procedure concludes that a TAC increase of 238 tonnes could be made. The representatives of the fishing industry mentioned that this value is too high for them and they would only be interested in an increase of the TAC by half of the output of the management procedure.

Conclusions

46. The best available information suggests that current abundance of RCO 2 is high and there is an opportunity for increased utilisation from the fishery, at least in the short-term. This can be achieved with an in-season increase in the TAC.
47. MPI is seeking information and views from tangata whenua, fishery stakeholders and other interested parties to inform the review of in-season catch limits for RCO 2.
48. It is important to note that the Minister has broad discretion in exercising his powers of decision-making. He will make his own independent assessment of the information presented to him by both MPI and stakeholders before making a final decision.