Office of Hon Phil Heatley

MP for Whangarei
Minister of Fisheries and Aquaculture
Minister of Housing

H0865

Dear Stakeholder

I write to inform you of the decisions I have made for the fish stocks under review for the 2010-11 fishing year. My decisions on total allowable catches (TACs), allowances, total allowable commercial catches (TACCs) and deemed value rates will come into effect on 1 October 2010. Copies of both the Ministry of Fisheries (the Ministry's) initial position and final advice papers are available on the Ministry's website (www.fish.govt.nz).

In reaching my decisions I have considered the submissions received on the Ministry's initial position paper and Final Advice, which includes the Ministry's analysis of submissions. I also considered the relevant legislative provisions and my obligations under the Fisheries Act 1996 (the Act).

The specific decisions for each stock are detailed below.

Attached Bladder Kelp (KBB3G and KBB4G)

Catch Limits

In making my decisions on where to set the catch limits for attached bladder kelp I considered its biological characteristics, overall importance to the functioning of marine ecosystems, and historical biomass information. The information available suggests both stocks are near virgin biomass levels and that the fisheries could support TACs that are above recent catches. However, bladder kelp forests are amongst the most productive marine communities in New Zealand and play a critical role in coastal, inshore and estuarine environments. These forests are sensitive to changes in environmental factors and naturally experience large fluctuations in abundance.

A number of submitters raised concerns about the risk of adverse effects of harvesting at any level without additional management controls. I note that little information is available on adverse effects of harvesting of bladder kelp in New Zealand. However, given the role of this species in the ecosystem I believe a cautious approach to management is required both in terms of setting catch limits and use of additional controls to manage potential adverse effects of fishing. I consider that implementation of additional harvest management measures in conjunction with the setting of a TAC will reduce the likelihood of adverse effects and enable greater utilisation opportunities. I also note there is strong support for a cautious proving up of the fishery until robust stock assessments and information on the potential effects of harvesting on other species and the marine environment become available.

The Ministry provided a wide range of TAC options to me. It is clear that there is a substantial bladder kelp resource but there is uncertainty over sustainable yield. I have decided to set a TAC of 1238 tonnes and 274 tonnes for KBB3G and KBB4G, respectively, which are based on historical biomass information and conservative calculations of

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Maximum Constant Yield (MCY). I consider the TACs strike an appropriate balance between providing incentive for development of the fishery while ensuring sustainability of the stocks. Although there is concern over the potential impact of large scale removals of bladder kelp in the marine ecosystem, the overall volume of harvest permitted under my decisions are considered conservative compared to the likely abundance of the resource.

My decisions on the TACCs and other allowances for attached bladder kelp stocks are as follows:

Stock	TAC (t)	Customary allowance (t)	Recreational allowance (t)	Other sources of mortality (t)	TACC (t)
KBB3G	1238	0.1	0.1	1	1236.8
KBB4G	274	0.1	0.1	1	272.8

I have set a nominal allowance of 0.1 tonnes for both customary and recreational interests for both stocks as there is no information to suggest that there is any non-commercial fishing. I have also decided to set a one tonne allowance for all other sources of fishing-related mortality for each stock. There is no information to suggest that attached bladder kelp is taken as incidental bycatch in other target fisheries, but if this does occur it is likely to be negligible compared to the overall abundance. I have set the TACCs in KBB3G and KBB4G at 1236.8 tonnes and 272.8 tonnes respectively, to allow utilisation by commercial fishers. I believe these TACCs will provide real opportunity for development of this important resource within sustainable limits.

Harvest Management Measures

To compliment the TACs I have decided to implement a maximum cutting depth of 1.2 m from the sea surface. I consider this measure will help prevent adverse effects of harvesting by protecting the base of the bladder kelp where the reproductive structures are located; preventing removal of whole plants; and enabling juvenile fronds below the cutting depth to continue to grow.

I acknowledge that there may be concerns about how this measure will be implemented; however, I understand the Ministry will work closely with industry to develop effective and compliant harvesting methods. I expect high levels of voluntary compliance given the level of support indicated in submissions, but the Ministry will be monitoring the level of compliance closely and will not hesitate to implement additional controls if necessary.

Other Measures

Recognising concerns about potential localised effects of bladder kelp harvesting, I support a cautious development of the fishery that provides accurate information on distribution of effort. I understand that the Chief Executive intends to impose a finer spatial scale reporting requirement to identify the latitude and longitude of each harvested bladder kelp bed. I support this measure as gathering of baseline information of harvesting effort and biomass removal across various spatial and temporal scales is important in assessing the potential impacts of harvesting because of the discrete nature of bladder kelp beds.

I also support the development of a Memorandum of Understanding (MOU), or similar, between the Ministry and quota-holders following the introduction of KBB3G and KBB4G to the QMS. I believe an MOU will enable development of harvesting strategies and harvest management measures that will maximise harvesting opportunities and allow for an adaptive and responsive management approach to mitigate potential adverse effects of harvesting.

Deemed Value Rates

The Ministry is using an estimated landed price for seaweed of $2.00 per kilogram (kg) (based on the general reported market value) and I consider this to be an appropriate basis for deemed value rates for bladder kelp at this time. However, I also acknowledge that outside of the broader 'general use' market there are small niche markets for high quality seaweed (i.e. freshly cut) creating a wide range in the landed price for seaweed (up to $20.00 per kg).

I consider KBB3G and KBB4G to be "high-value" fish stocks, not only because of the important role bladder kelp plays in the marine ecosystem, but the potential this species has to enter into high quality niche markets. I do not propose to set an overfishing threshold for these stocks as I do not expect overharvesting of bladder kelp without sufficient ACE given the targeted nature of the fishery and because these stocks will be on Schedule 6 and therefore may be returned to the sea. Consequently, I have set interim and annual deemed value rates for both KBB3G and KBB4G of $2.00 per kg and $4.00 per kg, respectively. Both stocks will also be subject to the following differential deemed value rates:

Catch in excess of ACE holdings	Differential deemed value rates for KBB3G and KBB4G ($/kg)
20	4.80
40	5.60
60	6.40
80	7.20
100	8.00

Giant Stargazer (STA 7)

I have decided to increase the STA 7 TAC from 1000 tonnes to 1072 tonnes. The best available information suggests that a small increase to current harvest levels is likely to be sustainable and will provide for increased utilisation benefits. I note that the stock is well monitored via the inshore trawl survey and that adjustments to the catch limit can be made in the future if warranted by information from this survey.

As STA 7 is predominantly a commercial fishery I have decided to make allowances and set a TACC as follows:

- One tonne for Maori customary non-commercial interests;
- Two tonnes for recreational interests;
- 27 tonnes for other sources of fishing-related mortality; and
- A TACC of 1042 tonnes.

I do not consider it necessary to alter the existing annual deemed value rate ($1.45), but I have decided to increase the interim deemed value rate from 50% of the annual deemed value rate ($0.73) to 90% of the annual deemed value rate ($1.31) in order to encourage fishers to balance their catch with ACE more regularly.

Hapuku Bass (HPB 3)

I have decided to set a TAC and allowances for the stock for the first time, but I have decided not to change the TACC. I am aware that the TACC has been exceeded in the fishery for a number of years without the stock showing any sign of decline. However, there is limited and uncertain information available on status of this stock. The species are long

lived and have a low rate of natural mortality, both of which are indicators of vulnerability to over-fishing. These traits also mean that, should these species be over-fished, recovery will be protracted with attendant loss of value in the fishery. Further, there are issues around stock identification such that the relationship between HPB 3 and other HPB stocks is not clear.

Given available information I believe that a cautious approach is warranted. On balance I do not consider there is sufficient information to justify an increase to catch limits.

Because a TAC has not been set for this stock previously, I have decided to set a TAC for the 2010-11 fishing year of 537.6 tonnes with the allowances of:

- One tonne for Maori customary non-commercial interests;
- 195 tonnes for recreational interests; and
- 6.5 tonnes for other sources of fishing related mortality.

I have decided not to change the current TACC of 335.1 tonnes.

I have also amended the deemed value rates for HPB 3 from 1 October 2010 to an interim deemed value rate of $2.30 per kg and an annual deemed value rate of $2.80 per kg. I have made these increases to more appropriately reflect the price some fishers are able to receive for HPB 3 to encourage fishers to balance their catch with ACE. Standard differential deemed values ramping will continue to apply.

Trevally (TRE 2)

I have decided to set a TAC and allowances for the TRE2 stock for the first time, but I am not going to change the existing TACC.

I acknowledge that commercial catches have exceeded the TACC for 15 of the 23 years since TRE2 was introduced into the QMS and there is no information to suggest the level of catch is having an effect on the stock. However, as with HPB3, there is very limited information available on stock status. TRE 2 is a valuable species to all users. Given the level of information available, and the importance of the species, I believe a cautious approach is warranted. At this time I consider there is insufficient information to warrant an increase in catch limits for this stock.

I note that new information on relative abundance in the TRE 2 fishery may become available in 2011 and this may provide a better foundation to review the TAC and monitor stock health in the future.

I have decided to set a TAC of 349.263 tonnes. Within the TAC, I have decided to allow for:

- One tonne for Maori customary non-commercial interests;
- 100 tonnes for recreational interests; and
- Seven tonnes for other sources of fishing-related mortality.

I have decided not to change the current TACC. The Ministry has advised me that the TACC was misreported in the Final Advice Paper as 241 tonnes, when it is in fact 241.263 tonnes.

I have also amended the TRE 2 deemed value rates as follows:

- Increase the annual deemed value rate from $1.10 per kg to $1.25 per kg;
- Increase the interim deemed value rate from $0.55 per kg to $0.70 per kg;

- Increase the 110% differential deemed value rate from $2.00 per kg to $3.50 per kg; and
- Increase the 120% differential deemed value rate from $3.00 per kg to $5.00 per kg.

I am confident that the new deemed value rates will provide increased incentives for fishers to constrain catch to their available ACE holdings.

Black Cardinalfish (CDL 2)

I have decided to reduce the CDL 2 TAC for the 2010-11 fishing season from 1,780 tonnes to 1,120 tonnes, and to set a TACC of 1,020 tonnes. I have retained nil allowances for Maori customary non-commercial and recreational fishing interests and set an allowance of 100 tonnes for other sources of fishing-related mortality. My decision will implement the second stage of a three-year phased reduction to the TAC that I began last year when I reduced the TAC by a similar quantity. This series of three TAC reductions is projected to begin a rebuild of the CDL 2 stock.

As I outlined in my decision last year, there are significant sustainability concerns in CDL 2 and, although uncertain, the stock assessment suggests the stock is likely to be well below B_{MSY}. All those who submitted on the IPP agreed that the TAC should be reduced.

I continue to hold the view that a faster reduction of the TAC to initiate a rebuild of the stock will come at significant economic and social cost to commercial fishers. My decision to continue with the three-year phased reduction of the TAC reflects what I consider to be the appropriate way and rate to rebuild the CDL 2 stock, having regard to the relevant social, cultural and economic factors.

I have again weighed the economic implications of a greater TAC reduction now, against the increased sustainability risk of initiating a rebuild in the stock over the slightly longer time frame. I have decided that continuing the rebuild over three years will not jeopardise the future of the stock and will give fishers further time to adjust their fishing operations.

I have also decided to change the deemed value rates for CDL 2 to ensure that the reduced TAC is not exceeded. These changes are the same as those made for CDL 3 and 4 and will align the deemed values in these three stocks. The changes to the deemed values are as follows:

- The annual deemed value rate will increase from $0.30 to $0.52 per kg;
- The interim deemed value rate will increase from $0.15 to $0.26 per kg; and
- A differential deemed value of $0.60 per kg will be set for all catch that is more than 20% in excess of ACE holdings.

Orange Roughy (ORH 3B)

I have decided to reduce the ORH 3B TAC for the 2010-11 fishing season from 8,350 tonnes to 4,840 tonnes, and to set a TACC of 4,610 tonnes. I have retained nil allowances for Maori customary non-commercial and recreational fishing interests and set an allowance of 230 tonnes for other sources of fishing-related mortality. My decision was based on the best available information that suggests that the ORH 3B stock is very likely to be below B_{MSY}. All those who submitted on the IPP agreed that the TAC should be reduced.

Before I provide the reasons for my decisions, I would like to acknowledge the continued co-operation of the Industry, particularly with regard to the research and management of the East and South Chatham Rise fishery. To that end, I understand that Industry has recently completed a further acoustic survey of the main spawning aggregation on the East and

South Chatham Rise which will continue to inform management decisions. I also commend the Industry for their continued support for these substantive TAC reductions, and those in CDL 2, that demonstrates a continued commitment to the long-term sustainability of New Zealand's deepwater fisheries.

The ORH 3B fishery is made up of several sub-stocks and industry has agreed to work within agreed catch limits for each of these. My decision to reduce the TAC for ORH 3B, although based on the status of the ORH 3B stock as a whole, will be given effect to by changes to agreed catch limits for individual sub-stocks. In previous years, the focus of management of the ORH 3B fishery has been on the East and South Chatham Rise sub-stock. I outline the reasons for my decision with reference to that area first.

East and South Chatham Rise

In making my decision about the ORH 3B TAC, I was mindful of the 2008 decision to initiate a three-year phased introduction of an F_{MSY}-based harvest strategy for the East and South Chatham Rise fishery. Under this strategy, the fishing mortality rate (F) is set at the level (F_{MSY}) that allows the sub-stock to fluctuate around the maximum sustainable yield (MSY) over the long term.

This year represents the last year of the three-year phased introduction of that F_{MSY} harvest strategy. Accordingly, I have decided to reduce the ORH 3B TAC in manner that is consistent with implementing the final year of the phased introduction of this management approach.

Incorporated into this decision was the most recent information on the status of the East and South Chatham Rise sub-stock. I am mindful that this information, despite previous reductions to the TAC, shows a continued decline in the biomass of the spawning Plume. I understand that until this year the F_{MSY} harvest strategy has not been fully implemented; however, if future surveys do not show this decline to have slowed appreciably or reversed, I will consider further management action. This action may include further revisions to the F_{MSY} harvest strategy that would likely result in further reductions to the TAC.

As a result of the implementation of the F_{MSY} harvest strategy, I request that Industry reduces the catch limit in the East and South Chatham Rise sub-stock from 5,100 tonnes to 2,960 tonnes.

Sub-Antarctic

The biomass of the Sub-Antarctic sub-stock is uncertain. While no new information was available this year, the ORH 3B stock as a whole is very likely to be below B_{MSY}. In addition to the overall status of the ORH 3B stock, I also considered the decline in catches and catch rates in the Sub-Antarctic, and information from skippers who are active in the fishery which suggests that fish abundance in this area has reduced. Based on this information, I request that Industry reduces the catch limit in the Sub-Antarctic sub-stock from 1,850 tonnes to 500 tonnes.

Puysegur

The biomass of the Puysegur sub-stock is also uncertain and the most recent assessment dates from 1998. On the basis of that assessment, the sub-stock was thought likely to be below B_{MSY}. In response, Industry voluntarily ceased target orange roughy fishing of the Puysegur sub-stock and since that time, the sub-stock has remained largely unfished.

Given that the fishery has remained voluntarily closed for 13 years, and that the biomass is expected to have increased during that period, I consider it appropriate to undertake some limited fishing in this area specifically to generate information about the status of the sub-stock. To that end I request that Industry implements a catch limit of 150 tonnes in Puysegur, this catch limit is well below the 420 tonne permitted catch estimate based on the 1998 assessment and I am confident that a 150 tonne catch limit will not compromise the rebuild of the ORH 3B stock given my decision to make a substantial reduction to the TAC.

Northwest Chatham Rise

The catch limit for the Northwest Chatham Rise was reduced in 2006 to the current catch limit of 750 tonnes; this is projected to move the sub-stock towards B_{MSY}. I request that Industry retains the current catch limit of 750 tonnes for this sub-stock.

I am advised that over the course of the 2009-10 fishing year to date, Industry has again abided by its commitment to meet agreed catch spreading and reporting arrangements. I commend the Industry for this and request that it again commits to these arrangements. I have directed Ministry officials to continue to monitor catch against agreed limits over the coming fishing year.

I have also decided to change the deemed value rates for ORH 3B to ensure that the reduced TACC is not exceeded. The changes to the deemed values are as follows:

- The annual deemed value rate will increase from $4.00 to $5.00 per kg;
- The interim deemed value rate will increase from $2.00 to $2.50 per kg; and
- The differential deemed value rate will increase from $5.00 to $6.25 for all catch that is more than 10% in excess of ACE holdings.

Orange Roughy (ORH 7A)

I have decided to increase the ORH 7A TAC for the 2010-11 fishing season from one tonne to 525 tonnes and to set a TACC of 500 tonnes. I have retained nil allowances for Maori customary non-commercial and recreational fishing interests and set an allowance of 25 tonnes for other sources of fishing-related mortality. This fishery was effectively closed to fishing in 2000 when the TAC was reduced to one tonne to allow the stock to rebuild at the maximum possible rate.

Since 2005, Industry has worked closely with the Ministry to undertake a number of trawl and acoustic surveys. Based on the most recent information from these surveys, the biomass in 2009 has been conservatively estimated to be 22,700 tonnes.

A management strategy similar to the F_{MSY}-based harvest strategy that is used for the East and South Chatham Rise fishery in ORH 3B has been adopted for this stock. Under this strategy, the fishing mortality rate (F) is set at the level (F_{MSY}) that allows the stock to fluctuate around the maximum sustainable yield (MSY) over the long term.

The available science information suggested that if this strategy was adopted, a TAC of 1,022 tonnes could be set. However, I considered a more cautious approach was warranted for this fishery and set the TAC at only 525 tonnes.

Although the stock is below B_{MSY}, I considered that it had rebuilt to the point where it could once again provide an opportunity for utilisation. The cautious TAC I have set will continue to allow the stock to rebuild towards B_{MSY}, albeit more slowly. My decision reflects what I

consider to be the appropriate way and rate to rebuild the ORH 7A stock, having regard to the relevant social, cultural and economic factors.

I made no changes to the deemed value rates for ORH 7A and the interim and annual deemed values remain at $1.60 per kg and $3.20 per kg respectively.

Rubyfish (RBY 4)

I have decided to increase the TAC for RBY 4 from six to 19 tonnes for the 2010-11 fishing year. Within that TAC I have set a TACC of 18 tonnes, retained nil allowances for Maori customary non-commercial and recreational fishing interests and made an allowance of one tonne for other sources of fishing-related mortality.

I am conscious that the available information for this stock is sparse; however, I consider that a small increase to the RBY 4 TAC will be sustainable. I am committed to retaining a nominal TAC for RBY 4 in the absence of information pertaining to stock status. However, I consider that this stock can support a TAC greater than six tonnes that is in line with current catch levels. This will allow fishers to balance their RBY 4 catch with ACE, rather than having to pay deemed values on this unavoidable bycatch.

I have also decided to introduce standard differential deemed value rates in RBY 4 in order to provide an increasing economic incentive for fishers to maintain their catch within the TACC.

Hoki (HOK 1)

I have decided to increase the HOK 1 TAC from 111,140 tonnes to 121,240 tonnes. Within this TAC I have decided to set a TACC of 120,000 tonnes and a customary and recreational allowance of 20 tonnes apiece. I have also set an allowance of 1,200 tonnes for other sources of fishing-related mortality.

In making this decision I considered the most recent stock assessment results for hoki which indicated that the biomass of both the eastern and western stocks continues to increase. Based on these results, the current status of the HOK 1 stock indicates that it is above the biomass that will produce the maximum sustainable yield (MSY); this is currently set between 23-25% of the unfished biomass (B_0). The western stock is well within the management target range of 35-50% B_0 while the eastern stock is above this range. A series of five year projections show that even with an increase to the catch limit of 10,000 tonnes, the biomass of both stocks is projected to continue to increase.

In ensuring the long-term sustainability of this fishery, the importance of the catch split arrangement that exists across both stocks cannot be over emphasised. This arrangement is in place to manage the proportion of the catch that is harvested from each stock so as to avoid any sustainability concerns from the entire TACC being harvested from a single stock. My expectation is that the 10,000 tonne increase to the TACC will be taken from the western stock which will increase the catch limit for this stock from 50,000 tonnes to 60,000 tonnes. The catch limit for the eastern stock will remain at 60,000 tonnes. I acknowledge the efforts that have gone into improving the management of the catch split arrangement in the last twelve months and I encourage Industry to continue to work with the Ministry to ensure this arrangement is successful.

I am also mindful of the submissions that I received on this matter, particularly from stakeholders who are concerned that it may be too premature to increase the commercial catch limit for hoki. I am satisfied that the management regime in place for hoki allows us to

quickly respond to any changes in the stock status. This was evident in the decisions made by my predecessors to reduce the hoki TAC when the science information indicated that the stock was under pressure. The information now indicates that the stock is robust and healthy and I am satisfied that it is appropriate to allow for these utilisation opportunities to be realised.

Patagonian Toothfish (PTO 1)

In making my decision on where to set the catch limit for Patagonian toothfish (toothfish) I was mindful of the lack of information regarding biomass or sustainable yield for the component of the stock found within New Zealand's exclusive economic zone (EEZ). Although there is a large area of potential toothfish habitat in the southern portion of the EEZ, our understanding of the distribution of toothfish within that area is also limited.

Due to the lack of information I have decided to set what I consider to be a cautious TAC of 50 tonnes. I have set a nil allowance for customary and recreational fishers as toothfish is a deepwater species and there is no information to suggest that there is a non-commercial fishery. I have also decided to set an allowance for all other sources of fishing-related mortality of 0.5 tonnes (1% of the TAC), which is a rate that is consistent with other longline fisheries. The TACC for toothfish will therefore be 49.5 tonnes.

I consider that a 50 tonne catch limit will ensure the sustainability of the stock within our EEZ. However, additional information is essential and I encourage future quota owners to work with the Ministry to develop a research programme that will improve our understanding of toothfish biomass and distribution within the EEZ.

Toothfish is a valuable species that is taken almost exclusively as a target species. I anticipate other countries will closely monitor New Zealand's developing toothfish fishery. For this reason I am keen to provide the strongest incentive possible for fishers to balance catch with ACE, so have decided to set a relatively high annual deemed value rate of $12.50 per kg. The interim deemed value rate will be $11.25 per kg and a differential deemed value rate of $20.00 per kg will apply to all catch that is more than 10% in excess of a fisher's ACE holding.

Deemed Value Rates for Selected Fish Stocks

Setting correct deemed value rates is as important to the sustainability and utilisation of a fishery as setting a proper TAC and allowances. I have therefore decided to adjust deemed value rates for several fish stocks to better ensure that catch is balanced with ACE. In each of the following stocks or sets of stocks, my goal is to ensure that every commercial fisher has an incentive to acquire or maintain ACE that matches that fisher's catch of each stock, per section 75 (2) (a). There at least four situations where fishers might fish without acquiring appropriate ACE:

a) When ACE is available for purchase, a commercial fisher decides to pay deemed values rather than acquire ACE. In general, deemed value should be sufficiently above ACE price to provide an incentive to acquire ACE rather than pay deemed values;
b) In fisheries where all ACE is used, fishers continue to fish without ACE and instead pay deemed values. In general, the deemed value price should be high enough to discourage overfishing of stocks;
c) When a fisher catches fish from some stock and decides to illegally discard the fish instead of acquiring ACE. Where some by-catch may be inevitable, deemed values should if possible, be below the landed value of the fish in order to provide incentives

to land the fish. (Discarding fish to avoid deemed values is unacceptable and is a criminal act. When caught, such fishers will be prosecuted and face large fines and potential forfeiture of quota and vessels. While I wish to avoid unnecessary incentives for such illegal activity, fishers continue to have every responsibility to comply with the Act); and

d) When a fisher catches fish from stock, but illegally misreports the fish as coming from a second stock in order to take advantage of lower deemed values in the second stock to avoid purchase of ACE in the first stock. Where possible, deemed values should avoid creating incentives to misreport.

The four criteria identified above summarise the general criteria that I have used to assist in my decision-making. In some cases, it may be difficult to manage all four of these incentives at the same time. Also, section 75 (2) (b) identifies six additional criteria that I may have regard for in setting deemed values. These include the incentive not to discard; the market value of ACE; the market value of the stock; any efficiency benefits; the extent of overfishing; and other matters that I consider relevant. Each stock requires an individual consideration of the incentives under section 75 (2), which I will discuss below:

Black Cardinalfish (CDL 3 and CDL 4)

I have decided to standardise the deemed value rates across the three black cardinalfish stocks CDL 2, CDL 3 and CDL 4. I have therefore increased the annual and interim deemed value rates in CDL 3 to the same rates that existed in CDL 4. The annual deemed value for both CDL 3 and CDL 4, for the 2010-11 fishing year, will be $0.52 per kg, and the interim deemed value for both stocks will be $0.26 per kg. In addition, I have decided to introduce a single differential deemed value rate of $0.60 per kg that will come into effect on any catch over 20% of fisher's ACE for both stocks.

This action reflects my decision to reduce the TACC in CDL2 and recognises the importance of ensuring that standard deemed value rates exist across these three black cardinalfish quota management areas (QMAs). This is because these three QMAs are believed to constitute a single stock and vessels are known to fish across the three QMAs during a single trip. Standardising the deemed value regime across the three QMAs will first provide appropriate incentives for fishers to limit their catch to the TACC of each stock, and will also ensure that fishers do not misreport fish as being taken in a neighbouring QMA, in order to qualify for a lower deemed value rate.

Hake (HAK 1 and HAK 4)

I have also decided to standardise the deemed value rates across all of New Zealand's hake stocks. I have therefore increased the annual deemed value rate for both HAK 1 and HAK 4 to $1.60 per kg for the 2010-11 fishing year, and have increased the interim rate for both stocks to $0.80 per kg. Standard differential deemed value rates will be adjusted to reflect the increased annual and interim rates. This decision brings the HAK 1 and HAK 4 deemed value rates in line with the existing deemed value rates in HAK 7.

I have made this decision because these three hake stocks share similar characteristics and can be fished during the same fishing trip. This action was also requested by stakeholders, following my decision last year to increase the HAK7 deemed value rates. I consider that a standardised deemed value regime across all the hake stocks will provide fishers with the appropriate incentives not to misreport catch as being taken from a neighbouring stock, in order to qualify for a lower deemed value rate.

Ribaldo (RIB 7)

For the RIB 7 stock, I have decided to increase the backstop differential deemed value rate that applies to catch taken that is more than 20% in excess of ACE holdings. The backstop differential deemed value rate will be increased from $2.00 per kg to $2.50 per kg, for the start of the 2010-11 fishing year. I have also decided to retain the existing annual and interim rates for RIB 7, so that fishers who are catching small volumes as unavoidable bycatch are not unnecessarily penalised.

This increase has been implemented in order to prevent further catches in excess of ACE being taken from this stock. In recent years RIB 7 catch levels have vastly exceeded the TACC. My decision to increase the differential rate seeks to remove the economic viability of such over-catch, and provide the correct incentive for fishers to constrain catch to the TACC. If catches continue to exceed the TACC, I will reconsider this approach.

Trevally (TRE 1)

I have decided to bring TRE 1 deemed value rates into line with what is proposed in this year's sustainability round for neighbouring stock, TRE 2, in order to not incentivise misreporting of catch. As a result, I have decided to make the following deemed value rates for TRE 1 for the 2010-11 fishing season:

- Annual deemed value rate to increase from $1.10 per kg to $1.25 per kg;
- Interim deemed value rate to increase from $0.55 per kg to $0.70 per kg; and
- Standard differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below:

Current differential rates		New differential rates	
Catch in excess of ACE holdings (%)	**Current deemed value rate for TRE1 ($)**	**Catch in excess of ACE holdings (%)**	**New deemed value rate for TRE1 ($)**
20	1.32 per kg	20	1.50 per kg
40	1.54 per kg	40	1.75 per kg
60	1.76 per kg	60	2.00 per kg
80	1.98 per kg	80	2.25 per kg
100	2.20 per kg	100	2.50 per kg

Rough Skate (RSK 8) and Smooth Skate (SSK 8)

I have decided that there is insufficient new information to warrant a change in deemed value rates for RSK 8 and SSK 8 at this time. However, I am concerned about continued fishing without ACE in the SSK fishery. Should catch continue to exceed available ACE in the next fishing year I have asked the Ministry to undertake a further review of the deemed value rates for this stock.

Snapper (SNA 8)

I do not consider there is any new information that would warrant a change in deemed value rates for SNA 8 at this time.

Given SNA8 is an important commercial and recreational species, I recognise that there is understandable disagreement on the setting of SNA deemed value rates. In addition, I note

that the SNA 8 biomass is considered to be at a level below target biomass and a rebuilding strategy is in place.

Given the importance of this fishery to all users and the fact that a rebuild strategy is in place, I consider it important that commercial catches are constrained to the current TACC and I believe that current deemed value rates are helping achieve this.

Kingfish (KIN 8)

I have decided that there is insufficient new information to warrant a change in deemed value rates for KIN 8 at this time. Therefore, I have decided to retain the current deemed value rates for KIN 8 for the 1010-11 fishing year.

I recognise that KIN 8 is an unavoidable by-catch fishery for the trawl, seine and set-net industry and that the price of KIN can vary significantly depending on its landed state. However, I also note that under Schedule 6 of the Act, fishers can return KIN to the sea under certain circumstances. On balance I consider the current deemed values are providing the appropriate incentive to fishers to balance catch against ACE.

Red Gurnard (GUR 3 and GUR 7)

I have decided that as deemed value rates for GUR3 and GUR7 were reviewed last year, there is insufficient new information to warrant a change in deemed value rates for GUR 3 and GUR 7 at this time. Therefore, I have decided to retain the current deemed value rates for GUR 3 and GUR 7 for the 1010-11 fishing year.

Kind regards

Hon Phil Heatley
Minister of Fisheries and Aquaculture