



# Review of minimum holding requirements for South Island eel stocks

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# Minimum Holding for South Island eels.

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Figure 1: The 12 South Island Quota Management Areas (QMAs) for freshwater eels (shortfin (SFE) and longfin (LFE)).

## 1 Executive Summary

In 2016 South Island eel stocks were separated to improve management of longfin and shortfin eels<sup>1</sup>. Prior to this the two species were managed as combined stocks.

As part of the stock separation process the minimum annual catch entitlement (ACE) holding requirement was amended from four tonnes of the combined stocks to two tonnes of either shortfin or longfin, which most closely matched the status quo.

Following the decision to separate South Island eel stocks, significant reductions were made to the Total Allowable Commercial Catch (TACC) for the separated stocks. As a result, there is concern that the minimum holding requirements are now unworkable because, in many quota management areas (QMAs), the TACCs are too low to obtain sufficient ACE to meet the minimum holding.

Minimum ACE holdings are intended to limit the number of intermittent or small-holding fishers, however, the number of fishery participants in the South Island eel fishery has declined since minimum holdings were first introduced in 2000. A review of the minimum holdings will ensure that the regulations governing South Island eels are consistent with best regulatory practice and provide for reasonable utilisation of the eel resource.

MPI is consulting on whether the current minimum holdings should be retained, or whether the minimum holding requirement should be removed for South Island eels. Two options are presented for consideration. Under **Option 1 (preferred)** the minimum ACE holdings for South Island eels would be removed. This would bring the management of South Island eels into line with the North and Chatham Islands, where there are no minimum holding requirements. Under **Option 2 (status quo)** the two tonne minimum holding requirements for South Island eels would remain.

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<sup>1</sup> <http://www.mpi.govt.nz/news-and-resources/consultations/proposed-separation-of-south-island-eel-stocks/>

MPI invites stakeholder and public submissions on these options. Feedback and information provided will be reported to the Minister to inform his decision on whether to remove or retain minimum holding requirements for eel stocks in the South Island.

## 2 Purpose

The purpose of this document is to initiate consultation, as required under section 74 of the Fisheries Act 1996 (the Act) on behalf of the Minister for Primary Industries (the Minister) on a review of minimum Annual Catch Entitlement (ACE) holding requirements for the South Island eel fishery (refer to Figure 1). The following two options are proposed.

<b>Option 1 (Preferred)</b>	Remove the two tonne minimum ACE holding requirement for South Island eels stocks (SFE / LFE 11-16)
<b>Option 2 (Status quo)</b>	Retain the two tonne minimum ACE holding requirement for South Island eels stocks (SFE / LFE 11-16)

MPI is seeking feedback and submissions on these options. Under Option 1, the two tonne minimum ACE holding requirement for South Island eels stocks (SFE / LFE 11-16) would be removed. Under Option 2 (status quo) the two tonne minimum ACE holding requirement for South Island eels stocks (SFE / LFE 11-16) would be retained.

## 3 Need for action

Minimum ACE holding requirements for South Island eel stocks (along with several other fisheries such as paua and rock lobster) are set out in Schedule 8 of the Act. They are intended to limit the number of intermittent or small ACE holding fishers of these stocks, by requiring fishers to hold a minimum amount of ACE prior to fishing. Restricting part-time fishers with no or limited interest in the long term health of the fishery, was designed to assist the remaining quota owners and ACE fishers to sustainably manage the fishery.

The South Island eel fishery was introduced into the Quota Management System (QMS) on 1 October 2000 with shortfin and longfin species combined into six fish stocks (codes ANG 11 - 16). At the time of introduction to the QMS, the industry requested that a minimum ACE holding of four tonnes be required prior to fishing.

In 2016, the South Island eel fishery was separated into shortfin (SFE 11 – 16) and longfin (LFE 11 – 16) stocks to enable species-specific management. As part of this process the existing minimum ACE holding requirement of four tonnes of eels for the combined stocks was reduced to two tonnes of either SFE or LFE. This approach most closely aligned with the status quo under the new management regime.

At the time of the stock separation there were 30 quota holders across the South Island eel fishery. When the combined (ANG) stocks were separated, each quota holder received the equivalent proportion of SFE and LFE quota from their respective QMA. In addition to this, there are numerous ACE fishers (fishers that lease ACE yearly from quota owners) fishing in the South Island. The exact number of ACE fishers fluctuates year to year depending on the amount of available ACE.

MPI recognised at the time that a review of the minimum holdings may be required in the future, particularly if the subsequent decisions on Total Allowable Commercial Catches (TACCs) for the newly separated stocks resulted in significant reductions to the amount of available ACE. In its Decision Document, MPI noted:

*“MPI will approach industry to discuss whether the minimum holding requirement should be reviewed - given that smaller ACE holdings may be available under separate management as the available ANG ACE would be divided between shortfin eel (SFE) and longfin eel (LFE) ACE.”*

Later in 2016, Total Allowable Catch (TAC) and TACCs were set for the newly separated shortfin and longfin stocks. Precautionary TACs were set for many stocks to ensure sustainability and an increase in the abundance of longfin eels. As a result, the amount of ACE available in many of these stocks is now very low. Subject to the new TACCs the total value of the fishery, if fully caught is approximately \$1.4 million<sup>2</sup>.

Industry representatives have advised MPI that, as a consequence of the TACC reductions, the minimum holding requirements are now unworkable for many South Island eel stocks because in many QMAs, the TACCs are now too low for fishers to obtain sufficient ACE to meet the two tonne minimum holding requirement. In addition, where a fisher is able to meet the minimum holding requirement for only one species, they cannot fish for the other. Since the two species are often caught together, and can be difficult to tell apart, commercial fishers are concerned that they may unwittingly break the law by catching the species for which they do not hold the required ACE when targeting the other species.

The potential reduction in catch associated with the two tonne minimum ACE holding requirement is likely to cause a significant reduction in the value of the fishery due to uncaught TACC. MPI is unable to calculate the exact figure because it will vary year to year depending on amount of ACE fishers, the availability of ACE and the amount of willing buyers for the ACE.

## 4 Legal Considerations

The purpose (section 8) of the Fisheries Act 1996 (the Act) is to provide for utilisation of fisheries resources while ensuring sustainability. Removal of the minimum holding requirements would allow for increased utilisation without impacting on sustainability. This is because sustainability is managed by the TAC and associated catch limits and allowances.

South Island eel stocks are listed on Schedule 8 of the Act. A commercial fisher is therefore prohibited by section 74 from taking them without holding the minimum amount of ACE specified (2 tonnes). (But eels can legally be return to the water under section 72(2) and Schedule 6 of the Act.)

Section 74 allows the Governor-General to omit stocks from Schedule 8 on a recommendation from the Minister. Before making a recommendation the Minister must consult with such persons or organisations as the Minister considers are representative of those classes of persons having an interest in the stock. Once a stock is omitted from Schedule 8 no minimum ACE holding applies for that stock.

## 5 Initial Consultation

MPI has undertaken preliminary consultation with the eel industry and tangata whenua. There is support for reviewing the minimum holdings for South Island eels, but not universal agreement that they should be removed. MPI notes the issues of primary concern to tangata whenua and stakeholders in relation to the South Island eel fishery were addressed last year by the decision to manage the species separately and to set precautionary TACCs for many of the eel stocks.

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<sup>2</sup> This figure represents the sum of TACC in all the LFE (11 – 16) and SFE (11 – 16) QMAs, 81 tonnes and 242 tonnes respectively, then multiple by the 2016/17 port price for South Island eels (\$4.31 per kilogram). In the South Island there is no differentiation in port price between LFE and SFE.

## 6 Analysis

### 6.1 OPTION 1 - REMOVE THE TWO TONNE MINIMUM ACE HOLDING REQUIREMENT FOR SOUTH ISLAND EELS STOCKS (SFE / LFE 11-16)

Option 1 proposes to remove the two tonne minimum ACE holding requirement for South Island eels stocks (SFE / LFE 11-16).

Minimum ACE holding requirements are intended to limit the number of intermittent or small ACE holding fishers of these stocks, by requiring fishers to hold a minimum amount of ACE before fishing for that stock prior to fishing. However, as a result of the precautionary TACCs that have been set for many South Island eel stocks, the amount of ACE available in many of these stocks is now very low.

Industry representatives have advised MPI that, as a consequence the minimum holding requirements are now unworkable for many South Island eel stocks because:

- in many QMAs, the TACCs are now too low for fishers to obtain sufficient ACE to meet the two tonne minimum holding requirement; and
- where a fisher is able to meet the minimum holding requirement for only one species, they cannot fish for the other.

This matter is further complicated when a fisher only meets the ACE requirements for one of the two species e.g. shortfin. The two species are often caught together, and can be difficult to tell apart. Commercial fishers are concerned that they may unwittingly break the law by catching the species for which they do not hold the required ACE when targeting the other species.

If the minimum holding requirements are removed, an eel fisher can take either species as long as they cover their catch with ACE, pay deemed values, or return the eels to the water under 72(2) and Schedule 6 of the Act (refer Legal Considerations above). While removing the minimum holdings will increase the level of utilisation above current levels, MPI consider the overall sustainability will not be impacted because that is managed by the TACC, which has been set at a level that is fully caught will insure sustainability.

MPI has undertaken preliminary consultation with the eel industry and tangata whenua. There is support for reviewing the minimum holdings for South Island eels, but not universal agreement that they should be removed. MPI notes that many of the issues of concern to tangata whenua and stakeholders were addressed last year by the decision to manage the species separately and to set precautionary TACCs for many of the eel stocks.

This option doesn't not impact on tangata whenua or recreational fisher's right to take their respective allowances as this is solely connected to the commercial harvest of eels.

MPI notes that there are now a limited number of participants in the South Island eel fishery. Consequently, the original intention of minimum holdings to limit the number of participants is of relatively less importance, with the issues of concern now addressed through precautionary TACs for most South Island eel stocks.

This option would align the management of South Island eels with that for the North Island, where there are no minimum holding requirements in place. MPI does not consider this approach has impacted on its ability to sustainably manage North Island eels stocks.

MPI invites submissions on the above assessment.

## 6.2 OPTION 2 – RETAIN THE TWO TONNE MINIMUM ACE HOLDING REQUIREMENT FOR SOUTH ISLAND EELS STOCKS (SFE / LFE 11-16)

Option 2 would retain the existing management framework whereby a minimum of two tonnes of ACE of the targeted species e.g. LFE or SFE is required before a fisher can commercially fish for that species.

The minimum holdings are now restricting commercial fishers' access to the fishery because they must hold at least two tonnes of ACE prior to fishing. Due to the difficulty meeting this requirement under the new low TACCs, industry representatives have requested the minimum holding requirement be removed to allow for full utilisation of the fishery.

Industry representatives have also noted that there are no minimum holding requirements in place for North Island eel fisheries, and consider that this has not created any sustainability or operational issues associated with intermittent or small ACE holding fishers in these fisheries.

This option does not impact on tangata whenua or recreational fisher's right to take their respective allowances, as this is solely connected to the commercial harvest of eels.

MPI invites submissions on the above assessment.

## 7 Conclusion

MPI's initial view is that removing the two tonne minimum holding for South Island eels (**Option 1**) is appropriate and would avoid operational constraints on commercial fishers operating in South Island eel fishery.

Removing the minimum ACE holding requirement, will not impact on the long term sustainability of South Island eels, because commercial catch is managed by the TACs, and no changes to these are proposed.

Industry representatives have noted that there are no minimum holding requirements in place for North Island eel fisheries, and that this has not created any sustainability or operational issues in these fisheries.

MPI invites stakeholder submissions on this assessment, and on any alternative options to minimum holding for South Island eels that should be considered. This information will be reported to the Minister to inform his decision on whether to remove the minimum holding for South Island eels.