

24 September, 2021

Background to the Snapper 8 Decision and the Implications for Sanford

This document has been prepared by Sanford to give further detail and explanation around the Snapper 8 fishery and the impact on Sanford of the decisions announced by the Minister for Oceans and Fisheries in regard to the most recent Sustainability Round in that fishery.

The Impact of Snapper 8 Catch Limit Increases

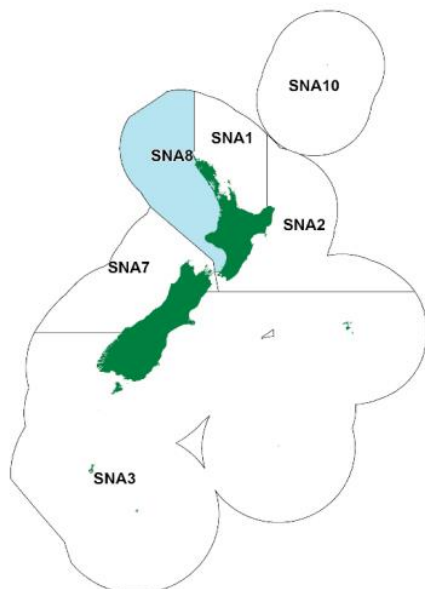
The Minister for Oceans and Fisheries has decided to increase the Total Allowable Catch limit for snapper in the Snapper 8 fishery (SNA8). As part of this, the Total Allowable Commercial Catch (TACC) will also be increased. This takes effect from the beginning of the new fishing year, starting on 1 October 2021.

The TACC will increase from 1,300 tonnes a year to 1,600 tonnes.

The Snapper 8 fishery is a fishing area off the west coast of the North Island.

The TACC increase also triggers an increase in Sanford's total quota holdings for the SNA8 fishery. Sanford currently holds around 60% of snapper quota in the SNA8 fishery.

The quota increase is triggered because of a provision known as 28N rights which is explained in detail below.



Above: Snapper 8 fishery, from Fisheries New Zealand.

28N Rights

Sanford is one of a number of quota holders who are entitled to recognition of their rights under a provision known as 28N rights. These 28N rights were created back in 1986 on establishment of the Quota Management System (QMS). Sanford opted not to receive monetary compensation for the quota reductions that were necessary at that time, but instead obtained the right to have those cuts reinstated in priority if the Total Allowable Commercial Catch (TACC) was later increased.

Now that the TACC is being increased in this fishery, the 28N rights are triggered. Sanford's total snapper quota will increase from 1,936 tonne to 2,207 tonne (a 14% increase). Based on current market pricing for snapper products this equates to a potential revenue increase of \$2.5m annually from this additional catch. This represents a 0.9% increase in revenue for the Sanford's wildcatch division

Sanford and Iwi Fishing Interests in SNA8

Some current quota holders are not eligible for this 28N rights increase, as they were not quota owners in 1986 when these rights were created. This includes several iwi quota holders represented by Te Ohu Kai Moana (TOKM).

Sanford is keen to see that local iwi-based quota holders are not disadvantaged by the recognition of residual 28N rights in this fishery and more generally that the TACC increase is not disrupted by this issue. As a result, Sanford is in discussions with TOKM in relation to an arrangement that is intended to involve the transfer of a portion of the settlement of these rights to TOKM.

Options Considered by the Minister

The decision sees an increase in catch limits for not only all commercial fishers but also recreational fishers (up by 286%) and customary fishers (up by 133%) in the SNA8 area.

These settings are Option 1 of four The Minister for Oceans and Fisheries considered in the current sustainability round. Below is a relevant section from the *Fisheries New Zealand Review of sustainability measures October 2021: SNA 8*.

The full document can be found here: <https://www.mpi.govt.nz/dmsdocument/45484-Review-of-sustainability-measures-for-snapper-SNA-8-for-202122>

Within the TAC, all proposed options (1-4) include an increase of 57 tonnes (133%) to the customary allowance and an increase of 893 tonnes (286%) to the recreational allowance. The allowance for other sources of mortality caused by fishing is proposed to be set at a level equal to 9-10% of the TACC. Ultimately, setting or varying the TAC and allowances is a decision for the Minister.

- *Option 1 is to increase the TAC for SNA 8 to 3,065 tonnes. This includes adjustments to the allowances, as well as a small increase to the TACC (23%). This option takes a cautious approach while allowing for use for both customary and recreational interests.*

- *Option 2 is to increase the TAC for SNA 8 to 3,437 tonnes. This includes adjustments to the allowances, as well as a 50% increase to the TACC. This option allows for a moderate increase in utilisation and provides for use for both customary and recreational interests.*
- *Option 3 is to increase the TAC for SNA 8 to 3,794 tonnes. This includes adjustments to the allowances, as well as a 75% increase to the TACC. This option allows for a substantial increase in utilisation and provides for use for both customary and recreational interests.*
- *Option 4 is to increase the TAC for SNA 8 to 4,152 tonnes. This includes adjustments to the allowances, as well as a 100% increase to the TACC. This option allows for an extensive increase in utilisation and provides for use for both customary and recreational interests.*

The Science Behind the TAC Increase

The full explanation for the Minister’s decision can be [found in the decision letter released by his office](#) and more background on the science behind the advice he relied on is in the [Fisheries New Zealand document](#).

However, an important summary of the reason for the SNA8 increase is found in the *Fisheries New Zealand Review of sustainability measures October 2021: SNA 8* on page 1:

The results of the stock assessment demonstrate that SNA 8 has rebuilt from historical low levels and is now very likely to be above the Harvest Strategy Standard management target of 40% of unfished biomass. This is the default target that is expected to achieve the maximum sustainable yield from the SNA 8 stock.

The success of this rebuild is likely a result of the management measures introduced following the 2005 stock assessment and strong recruitment to the population over the last 10 years. Reports from commercial and recreational fishers support the findings that the biomass of SNA 8 has increased.

Even under option 4, Fisheries New Zealand data showed the SNA8 fishery is expected to continue to grow in abundance:

If the current level of total catch is maintained, the biomass in 2026 is projected to increase from 54% of the unfished biomass in 2021 to reach 63% of the unfished level ($SB_{2026}/S_{B0} = 0.63$, C.I. 0.49–0.77) with a 98% or better probability of being above 40% of the unfished biomass, and 84% probability of being above 50%. The highest catch scenario (4,152 tonnes) results in a smaller increase in biomass by 2026 to reach 57% of the unfished level with a probability of 98% of being above 40% of unfished level and 84% of being above 50% B_0 .

Sanford has long supported science-based decision making in fisheries management. We believe that there is always a balance to be struck between utilisation and biomass growth and that sustainability for the long term is key in any fisheries decision. We believe that all options in the current round offer sustainable biomass growth and we remain hopeful that as the biomass continues to rebuild rapidly, the science will show there is room to continue to grow its sustainable utilisation to the benefit of the whole community.

