

EXPLANATORY MEMORADUM:

**HOKI FISHERIES EAST WEST CATCH
AGREEMENT 2014-15**

Summary of the Agreement

The following summarises the Hoki Fisheries East West Catch Limit Agreement (Agreement) agreed by hoki (HOK) Quota and ACE Owners and implemented and administered by Deepwater Group Ltd (DWG) for the 2014-15 fishing year.

Enclosed with this explanatory memorandum is this year's Catch Limit Agreement ready for your consideration and signing.

This explanatory memorandum is being sent to:

- All HOK1 Quota Owners;
- All permit holders who are not HOK1 Quota Owners but who used HOK1 ACE to balance catch during the last fishing year.

Purpose and Context of this Agreement

The purpose of this Agreement is to record agreement by HOK1 ACE Owners that they will manage their catches of HOK1 from each of the Eastern and Western stocks, in accordance with the agreed catch limits and areas.

The HOK1 fishery is not formally subdivided into separate QMAs at this time.

This Agreement is a contractual agreement between the participants in the HOK1 fisheries. It is an addition to and not in substitution of any of the separate statutory obligations of permit holders and the owners of HOK1 quota and ACE. All legal obligations that presently exist relating to the trading and reporting of HOK1 quota, ACE and catch remain unaffected by anything in this Agreement.

Purpose of separate catch limits for Eastern and Western hoki stocks

The best available science accepts there are two separate stocks of hoki within HOK1 for management purposes. For a number of years the Minister and the Ministry have asked HOK1 Quota Owners to implement a robust management structure that enables separate catch limits to be set and the management of catches from each of the Eastern and Western stocks to be within these limits.

Separate catch limits are desirable from a sustainability perspective. These support the on-going certification of the hoki fisheries and serve to replace the need to formally subdivide the HOK1 Quota Management Area (QMA) and to set two TACCs.

Why not formally subdivide the HOK1 fish stock?

The Fisheries Act 1996 does allow a Quota Management Area to be subdivided either with the agreement of 75% of quota owners or alternatively by the Minister if there are sustainability reasons for doing so.

In the longer term HOK1 Quota Owners may see this as a desired option but, at this stage, quota owners have elected to retain flexibility without formally subdividing the HOK1 QMA into two QMAs.

In a practical sense this Agreement seeks to achieve the same outcome by using an agreed contractual framework.

What are the boundaries of the East West fisheries?

A map showing the boundaries and the relevant co-ordinates for the two designated areas for each of the hoki stocks is shown in Schedule 1 of the Agreement.

**Agreement acknowledges
2014-15 TACC and agreed East
West Catch Limits**

The Agreement for 2014-15 is based on the HOK1 TACC of 160,000t for 2014-15 and sub-area catch limits of 60,000t for the East stock (known as HOK1E) and 100,000t for the West stock (known as HOK1W).

**How long will the Agreement
last?**

The Agreement is for the 2014-15 fishing year (i.e. 1 October 2014 to 30 September 2015).

**Who will need to be a party to
the Agreement?**

As this is a contractual agreement, each participant has the choice as to whether or not they sign it.

However, the Agreement is considered to be an essential part of the hoki management by the Ministry and the Minister and has been endorsed by all of the larger quota owners and by the Directors of DWG.

The intention is that you will agree to be a party to the Agreement if:

- You are the owner of HOK1 quota that will generate 275t or more of HOK1 ACE on the first day of the new fishing year; or
- If you purchase 275t and over of ACE at any time during the fishing year from anyone who is already a party to the Agreement.

Anyone who is a party to the Agreement is not permitted under the Agreement to sell ACE to any other party without first ensuring that the buyer has become a party to the Agreement. This is to ensure that when ACE is sold by a participant, the participant is always selling either HOK1E or HOK1W, and that the purchaser of that ACE purchases and uses the ACE to balance catch on that basis.

From a practical perspective, this means that HOK1 quota owners who will be allocated less than 275 tonnes of ACE on the first day of the fishing year and permit holders who do not own any HOK1 quota, but who purchase small amounts of ACE to balance their catch from quota owners who own less than 275 tonnes of HOK1, will not be obliged to manage their catches in accordance with the agreed East/West catch limits.

Structuring the Agreement in this way will ensure that approximately 97% of the available

HOK1 ACE will be covered by the Agreement, based on the ACE trading in previous years.

However, any permit holder who receives this Agreement is encouraged to sign the Agreement before the commencement of the fishing year, even if they are not going to be immediately affected by it. If you anticipate purchasing ACE from someone who will be a participant during the year, then it will speed up the ACE transfer process if you are already a participant

**Who will administer the
separate catch limits?**

DWG has contracted FishServe to administer and monitor catches against the catch limits, just as it does for the statutory trading and balancing regime.

What will it cost?

HOK1 quota owners will meet the costs incurred by FishServe in administering these catch limits. As such, there will be no additional transaction charges for ACE owners associated with this trading and reporting regime.

Separate register

In addition to the official statutory ACE register for HOK1, FishServe will create and administer a separate non-statutory register for catches from HOK1E and HOK1W stocks. This will



enable them to administer ACE trading, catch reporting and balancing for these stocks.
