

DRAFT MINUTES
SBW 6B & 6I
SHAREHOLDERS' MEETING
14 FEBRUARY 2014

Time and Venue

0940 – 1125 hours
Friday, 14 February 2014

Seafood Industry House
Boardroom 3
Level 1
74 Cambridge Terrace
WELLINGTON 6011

Present

BISHOP, Stephen	Independent Fisheries Ltd
HUFFLETT, Paul	Solander Maritime Ltd
SHAW, Darryn (by phone)	Sanford Ltd
STRANG, Dorje	Sealord Group Ltd
WOODS, Kirsty	Te Ohu Kai Moana Trustee Ltd
CLEMENT, George	Deepwater Group Ltd (Chair)
IRVING, Aaron	Deepwater Group Ltd
WELLS, Richard	Deepwater Group Ltd

Proxies

MORIARTY, Brian	Ngai Tahu Seafoods Ltd (G Clement)
TALLEY, Andrew	Talley's Group Ltd (G Clement)

In Attendance

BERITZHOFF, Michelle	Ministry for Primary Industries
REEVE, Vicky	Ministry for Primary Industries
TINGLEY, Geoff	Ministry for Primary Industries
STARR, Paul	Seafood New Zealand

1. Apologies

SAMUELS, Maru	Iwi Collective Partnership
POTTER, Kerry	Ceebay Holdings Ltd
YOUNG, Bruce	Whaingaroa Fisheries Company Ltd

2. Previous Minutes

THAT: the previous minutes dated 18 February 2013 be approved.

MOVED: S Bishop/P Hufflett

CARRIED: Unanimously.

3. Discussion on Stock Assessment and Management Options

SBW6I (Campbell)

Paul Starr presented a summary of the 2014 stock assessment noting the key points:

- The updated stock assessment has been accepted by the DWFAWG
- The acoustic estimates have been improved
- Large year classes have been observed to grow more slowly and the individual fish to reach smaller maximum sizes than for those in small year classes.
- Modelling these lower growth parameters reduces the biomass in the future projections
- The current biomass and the five year projections are strongly driven by the two very large 2006 and 2009 year classes.

The Chairman summarised MPI's three proposed management options in their IPP:

- No change – retain the existing 29,400 t TACC, or
- Increase the TACC to 34,300 t, or
- Increase the TACC to 39,200 t.

Following discussion SBW6I quota owners agreed to support an increase in the SBW6I TACC to 39,200 t on the basis that DWG and MPI:

- Undertake an update of the previous Management Strategy Evaluation (MSE),
- Use the MSE results to determine the timing of the next biomass survey, as quota owners were keen to see the possibility of the next survey being delayed beyond the current plan of 2015, if possible,
- Review the Harvest Strategy and Management Target for this stock,
- Include the results of the above work in the Fishery Plan for SBW6I.

The issue of sea lion interactions, raised by MPI in their IPP, was discussed. Information was presented noting that over the past 5-7 years there is an increasing trend in the numbers of captures. During 2013, captures were particularly high at the start of the season.

Draft results from NIWA's PBR analyses (contracted by DWG) provided a range of PBR estimates. Captures at the 2013 level are close to the annual average numbers that could be acceptable as having no impacts on the Campbell Island sea lion population. A draft report on this PBR modelling has been reported to MPI's AEWG and NIWA are finalising their report, due in late February.

Last season SLEDs were trialled in the SBW6I fishery across the fleet to mitigate sea lion captures. Generally, no significant concerns arose from these trials and they were seen to be effective in mitigating deaths. It was noted that the sole surimi vessel encountered problems with its use of a SLED last season, due to the nature of its operation, and this needed re-evaluation to establish how it could operate satisfactorily with a SLED during 2014.

Quota owners agreed that all vessels will carry and deploy SLEDs from the commencement of the 2014 SBW6I season and asked DWG and MPI to confer on the required procedures and bring them back for agreement with vessel operators.

SBW6B (Bounty)

Paul Starr presented a summary of the 2014 stock assessment noting the key points:

- The stock assessment has been accepted by the DWFAWG
- The fishery is dominated by two year classes, the 2002 year class is extraordinarily large and still dominates the catch, the 2007 year class is important but nowhere near as large
- There has been no significant new recruitment since the 2007 year class
- The growth rate of this stock is slower for large year classes than for small ones, as has also been observed in SBW6I
- Annual acoustic and length frequency data have added to the current certainty about the 2002 year class, which is still a major portion of the spawning stock.

The Chairman advised that he held a proxy for Talley's Fisheries and raised strong concerns on their behalf that:

- MPI had failed to complete the SBW6B assessment in time to allow for an consultation process to be carried out prior to the start of the fishing year

(1 April 2014)

- Consequently, quota owners have been deprived of the opportunity for an increase in the TACC – potentially a loss in quota value of up to \$12 M – a completely unacceptable outcome
- The 2014 stock assessment results clearly support the opportunity for an increase in TACC, possible a doubling of catch for 1-2 years, but poor process means this is not available to SBW6B quota owners
- These concerns are heightened by the fact that in 2013 the same inability to meet the statutory timeframe also occurred. In that year, the stock assessment results indicated a need for a reduction in catch, which could only be made good by industry undertaking to shelve 2,860 t. This was successfully achieved.

During discussion all agreed that this situation is totally unacceptable and should not be allowed to happen again and that DWG should clearly inform MPI in writing of this.

MPI acknowledged these concerns, expressed their own discomfort at this failure, advised their understanding of the issues raised and some of the underlying causes, and undertook to resolve these to ensure that such an event would not occur again.

THAT: DWG shall, on behalf of SBW6B Shareholders, write to MPI expressing serious concerns in the processes and attendant failures in the SBW6B Sustainability Round, with suggestions for solutions and improvements.

MOVED: Bishop/P Hufflett

CARRIED: Unanimously.

Discussion then focussed on how the 2014 catch level might be increased and by what amount.

G Tingley gave a presentation that showed the risks around catch levels well above the current TACC noting:

- Because of the predominance of the super-large 2002 year class, and noting that these fish are now relatively old, biomass projections beyond 1-2 years are not reliable,
- The lack of any strong recruitment since the 2007 year class also affects how one should consider any increase in catch,
- The 2002 year class is dying off – the trade-off is how much we should take now, how much do we need to leave to ensure good levels of recruitment, and how long the 'higher' catches are available,
- Given this year 2002 class is flowing through the fishery, it is inevitable that any increase in catch above the current TACC (6,860 t) will only be available in the short term (maybe 1-2 years) following which the TACC will probably need to be reduced again – at least until another 'strong' year class comes into this fishery,
- MPI takes comfort from the fact that another survey is planned for 2014. If there is a drop in biomass, then this can be responded to by management prior to the 2015 season.
- He noted that catches up to 10,000 t should be OK for the 2014-15 year but that the catch level for subsequent years would need to be reviewed before the 2015-16 year.

The Chairman summarised the meeting's discussion:

- DWG to ask MPI to provide a 1-2 page summary of the short term projections to provide a basis for quota owners and MPI managers to assess the trade-offs from

2015-16 onwards,

- Although a TACC increase is not an option for the 2014-15 year, DWG has proposed the 2014 catch might be increased through the use of a special permit. SBW6B quota owners asked for this option to be explored further, noting that there needs to be an equitable outcome that provides access to the catch/benefits,
- Access to ACE for both the planned acoustic biomass survey and for other potential wide area survey(s) to be explored as options, to avoid/reduce the need for SBW6B quota owners having to provide ACE for the survey, as has occurred in past years,
- MPI advised of their interest to explore these options with DWG and quota owners,
- DWG will advise quota owners of options to seek their agreement
- It was agreed that, in order to 'unlock' the under-catch rights from 2013-14, DWG will return SBW6B ACE to quota owners before 31 March 2014 on the same *pro rata* basis as this ACE was shelved in 2013.

Actions:

1. DWG shall write to MPI expressing serious concerns in the processes and attendant failures in the SBW6B Sustainability Round, with suggestions for solutions and improvements.	GC
2. DWG to transfer the SBW6B ACE shelved in 2013 back to quota owners.	RW

3. Meeting Closed

There being no further business the meeting concluded at 1125 hrs.
