



Office of Hon Nathan Guy

MP for Otaki

Minister for Primary Industries

Minister of Civil Defence

Associate Minister for Economic Development

B17-0576

Bryan Henderson
Board Chairman
Fiordland Lobster Company
P O Box 92
Te Anau 9640

22 SEP 2017

Dear Mr Henderson

Application for consent to hold rock lobster quota in excess of aggregation limits in CRA 4, CRA 7 and CRA 8

I am pleased to inform you of my decision to allow Fiordland Lobster Company Limited (FLC) and its subsidiaries to hold up to 15% of the Total Allowable Commercial Catch (TACC) in each of the following rock lobster fisheries:

- CRA 4 (Wellington/Hawke's Bay)
- CRA 7 (Otago)
- CRA 8 (Southern).

This consent is subject to the conditions that you specified in your amended application, which is to offer a proportion of quota to fishers and also to provide fishers with access to Annual Catch Entitlement (ACE) on an annual basis for the three fisheries where the consent applies.

I have carefully considered your initial application and amended application together with submissions from interested parties and advice from the Ministry for Primary Industries (MPI). I have also given careful regard to the legislative provisions of the Fisheries Act 1996, especially those in section 60 that I am required to consider when assessing applications for consent to exceed aggregation limits.

I have also considered the potential for negative effects to emerge in the quota and ACE markets from granting your consent in a context where it is difficult to forecast what the markets would be like in the future when additional quota is purchased.

However, I consider that there are matters in this case that are likely to reduce the extent of any negative effects on other quota holders and fishers. I note that:

- Based on past and current market conditions, it is not expected that there will be a significant change in quota ownership in the short to medium term because of the constrained quota market (low level of trading and in small lots);
- The 15% aggregation limit (5% above the current limits) is unlikely to limit the number of active participants in the quota and ACE markets, mitigating against risks of anti-competitive behaviour.

I also consider that the quota and ACE support conditions that I have imposed will further mitigate risk of negative impacts on new entrants and smaller scale fishers, in particular.

My decision will be notified in the New Zealand Gazette shortly. MPI will advise you when this notification has occurred. After notification, you can purchase CRA 4, CRA 7 and CRA 8 quota shares, up to a maximum of 15,000,000 for each stock.

Finally, I note that MPI intends to undertake a review of the aggregation limits more generally as part of the Future of our Fisheries work programme. Consideration of your application has given rise to a number of issues around the limits themselves and the information available to consider applications for exemption relative to the current legislative requirements. I will be interested to see the results of this review in due course.

Yours sincerely

A handwritten signature in blue ink that reads "Nathan Guy". The signature is fluid and cursive, with a long horizontal stroke at the end.

Hon Nathan Guy
Minister for Primary Industries