

Considerations on development of rules for limited carry-forward of unfished allocations

Purpose

CCSBT18 is to consider the adoption of a management procedure (MP). It has been agreed that within the MP, catches will be set and maintained for three year periods unless exceptional circumstances dictate otherwise. Rules to govern the treatment of national allocations within and between three year periods will be required. This paper outlines issues associated with a proposed carry-forward provision.

Introduction

The ability to carry-forward limited amounts of unfished quota from one year to the next has several potential advantages, particularly in the context of CCSBT adopting an MP. One potential advantage is reducing the risk that, in attempting to fully catch individual or country allocations in a given year, those allocations may be over-fished. Another is that a small biological gain through growth might be anticipated for fish not harvested in the preceding year assuming that the alternative is a fully caught national allocation in each year.¹

The Special Meeting of CCSBT held in Sydney in August 2011 considered how catches should be managed within and between three-year quota blocks once an agreed MP is in place. A small working group noted further consideration is needed on the monitoring and accounting measures that would need to be in place, but agreed in principle that some carry-forward of under-catches could be agreed.

It was agreed that the Compliance Committee and the Extended Commission should further consider the small working group's recommendations. This paper provides some additional items for discussion, in particular in relation to monitoring and accounting requirements.

Key principles

Recommendations from the Special Meeting for how carry-forward should be managed include:

- Catches would be maintained within an individual annual TAC set at the same level for each year in the three-year period, except for limited provision for carry-forward of under-catch.
- Noting the potential administrative complexity of carry-forward schemes, Members can choose whether or not to implement such a scheme in their fisheries.
- If an annual catch allocation is under-caught, up to 20% of the Member's annual allocation can be carried forward to the next quota year only.
- Quota that has been carried forward would not in turn generate under-fishing carry-forward.

¹ Report of the Extended Scientific Committee for the Thirteenth Meeting of the Scientific Committee, 5–12 September 2008, Rotorua, New Zealand.

- Consideration be given to conditional carry-forward of under-fishing from the last year of one three-year period to the first year of the next (only if the TAC remains the same or increases).²

Monitoring and accounting arrangements

The Special Meeting noted not all members would necessarily wish to allow carry-forward of unfished catch, for example in situations where additional administrative complexity would put their management system at risk. The advantages of (and need for) carry-forward depends on the systems members have in place for managing their fisheries. If members do wish to have some carry-forward, they would need to have effective systems in place to:

- Accurately quantify total catches;
- Document how carry-forward is to be accrued and distributed;
- Limit any incentives or opportunities for mis-reporting of catch;
- Report catch against allocation to the Extended Commission, Compliance Committee, and Extended Scientific Committee; and
- Establish the circumstances under which carry-forward would *not* take place.

These considerations are outlined in further detail below, followed by a case study of how this could work in practice.

Quantifying catches

The ability to accurately quantify total catches against the country allocation would be essential in order to calculate any possible under-catch that could then be carried forward. Naturally members already have in place various systems for quantifying catches, generally through fisher reporting, along with a system or systems for verifying catches.

It should be noted that the Catch Documentation Scheme may be effective at ensuring catches are accurately quantified but may not be timely enough to ensure this information is available at the end of the quota year. The information would need to be available at the end of the quota year so that any under-fishing could be calculated (and carried forward).

Allocating carry-forward catches

Again, systems for accruing and distributing any carry-forward would likely vary depending on how members manage their fisheries. A key decision is whether any carry-forward would become a 'pool' of catch available to all fishers, or it would specifically be attributed to those fishers who under-caught in the previous year. In part, this depends on whether the fishery operates under individual quotas or a competitive catch limit.

Limiting incentives for mis-reporting

There may be a concern that, in some circumstances, the ability for fishers to receive additional catch in the next quota year if they have under-fished in the current year could provide an incentive for fishers to under-report their catches. It is not clear that this provides any greater risk of mis-reporting than currently occurs, and verification procedures should help to prevent this. Current provisions requiring the reporting of catches to CCSBT on a monthly basis and catch against quota on an annual basis (outlined below) should mitigate this risk.

² Report of the Special Meeting of the Commission, 23–27 August 2011, Sydney, Australia.

Reporting catches against national allocations

Several catch reporting systems are already in place within CCSBT, including:

- An annual data exchange is used to provide the scientific committee with information on members' catches for the preceding fishing year (amongst other things).
- Members report their SBT catches on a monthly basis, which provides a near real-time check on catches versus national allocations.
- Quota and catch against quota reporting
- Annual summaries of members' fisheries, including a catches against allocations (i.e. country reports for the Compliance Committee and Extended Commission).

The annual data exchange is likely to remain the primary source of catch information for the scientific committee, and is timed to ensure all members have full catch data available to submit.

In order to monitor catches against national allocations, monthly reporting of catch against allocations should continue. Members who chose to utilise under fishing provisions should be required to report on their use to the CCSBT in annual reports.

An additional reporting item could also be added for members who implement a carry-forward system. Those members would be required to report their updated annual quota to the Commission as soon as possible after it is known. This revised figure would then be the basis for assessing catch against quota at the annual meeting, as well as for reporting catch by quota holder/fishing vessel against initial allocations.

An example is given below of how this might operate in practice:

Under-fishing example – carry-forward of 20% of unfished allocation

	Year One	Year Two	Year Three
TAC	1,000	1,000	1,000
Available catch limit	1,000	1,200	1,200
Actual Catch	800	600	800
Carry-over	200	200	0 or 200t*

* Depending on whether carry-forward would also occur between three-year quota blocks.

In this example, the member would notify the Commission towards the start of year two that the revised catch limit for that year would be 1,200t. A similar report would be made towards the start of year three.

Circumstances under which carry-forward would not take place

Members should also consider for their fisheries the circumstances under which carry-forward would not take place. Such circumstances should include:

- when the global TAC and/or the member's allocation will decrease in the next TAC setting period; and
- if the scientific committee identifies that exceptional circumstances are in place that may necessitate additional management action by the Commission.

Summary

Implementation of an under fishing arrangement for SBT would provide flexibility to the operation of fisheries, particularly to those subject to factors that influence the catch of SBT rather than its availability (e.g. weather and oceanographic conditions).

Concerns regarding the adoption of such a system relate to the potential for biological or systems risks. Biological risks are small when it is considered that forward projections for the stock assume all national allocations are fully caught.

Systems risks can be readily mitigated if adequate national management arrangements are in place. If these do not exist then this is an indication of an existing risk.

A summary of risks and mitigation is shown below:

Potential Risk	Comment	Mitigation
National administrative systems unable to track and carry-forward catch	National administrative systems will need to be developed to track carry-forward and account for national catches to CCSBT.	<ul style="list-style-type: none"> • Restrict the use of under-fishing provisions to specific administrations • The CDS will provide longer-term verification of catches, and in the case of any administrative failure leading to over-catch, this would still incur a requirement to pay it back.
Cumulative mis-reporting of catches	This is an existing risk.	<ul style="list-style-type: none"> • CDS and continued market surveys
Carry-forward between three year periods seen to create further risk	It is unclear how risk would increase in this circumstance.	<ul style="list-style-type: none"> • Clear rules regarding when carry forward would/would not apply between periods • Annual reporting to CCSBT on use of carry-forward provisions • CDS

Case study – carry-forward of under-fishing in New Zealand

The New Zealand fisheries management system has included provision for limited carry-forward of unfished allocations since 2001; the provisions apply to all species unless they are specifically excluded.³ The provisions serve a number of purposes, including:

- Making it easier for fishers to balance their catches with their annual catch entitlements;
- Making some provision for situations where fish availability (and/or the ability to catch the fish) varies for reasons outside the fisher's control e.g. oceanographic conditions; weather patterns;
- Ensuring some continuity in fishing operations where the fishing year splits the fishing season in two.
- In the case of southern bluefin tuna, fishers have reported the ability to carry-forward some of their unfished allocations makes it easier to plan for the season. Southern bluefin tuna is caught both in a target fishery earlier in the season, and as bycatch in other longline fisheries

³ Southern bluefin tuna is currently excluded from these provisions i.e. no carry-forward applies at present although it has in the recent past.

later in the season. If fishers know they can carry-forward some unfished entitlements it is easier for them to ensure they set aside enough to cover any bycatch later in the season (which might or might not be required).

Key features of the New Zealand system include:

- Four forms of catch reporting are required from the commercial fishery (catch and effort, landings, monthly harvests, and reports by receivers of fish). Reports of catch are balanced against quota on a monthly basis to improve the monitoring of catches. Significant financial penalties apply to fishers who do not cover their annual catch of SBT with quota, thereby limiting the potential for over-catch.
- Fishers' catches are assessed against their holdings of annual catch entitlements at the end of each fishing year. If a fisher has caught less than their annual catch entitlements, the unfished amount (up to a maximum of 10% of their total entitlement) is automatically credited to the fisher for the next fishing year (this occurs around the 20th of the first month of the new fishing year, following processing of final catch reports etc).
- Because independent reports of catch are received from both fishers and fish receivers, there is limited opportunity for catch mis-reporting. Other compliance and monitoring measures also create an additional deterrent (e.g. inspections etc).
- No carry-forward occurs in the case of a decrease to the total allowable catch for the following season.