

NZSFC Summary



Review of selected deemed value rates

MPI are reviewing the deemed value rates for six QMS stocks: Giant spider crab 5 (GSC5), Southern blue whiting 1 (SBW1), Triangle Shell 7 (SAE7), Deepwater Tuatua 7 (PDO7), Sea cucumber 3 (SCC3) and Coromandel Scallops (SCA CS). The Initial Position Paper (IPP) was released on 14 January and **submissions are due by 11 February**. Any changes will apply from 1 April 2016.

This paper reviews the available information, highlights concerns and provides a recommendation that the New Zealand Sport Fishing Council submit a brief response to MPI.

Feedback

Please review this information and provide your earliest **feedback, by 9 February**, so it can be incorporated into a New Zealand Sport Fishing Council submission. Contact Trish Rea trish@moanaconsultants.co.nz or Josh Barclay josh@legasea.co.nz.

Deemed values

Commercial fishers who do not balance catch with Annual Catch Entitlement (ACE) must pay a financial penalty, a deemed value payment. Deemed values are charged for each kilo of overcatch not covered by ACE. The per kilo cost may ramp up, on a sliding scale, depending on the species.

Background

The New Zealand Sport Fishing Council (NZSFC) has made substantive submissions on the deemed value regime for a decade. The 2012 submission details our concerns. <http://goo.gl/jHUzlf> The current review demonstrates those concerns are still valid today. The deemed value system continues to incentivise either overfishing or dumping, depending on the landed and export price of that species. Historically, ongoing excess catch has resulted in recommendations and subsequent agreement from the Minister for Primary Industries, to increase the TACC in some stocks.

Recommendations

The New Zealand Sport Fishing Council submit a brief response noting:

- The deemed value regime is a failure. Deemed value penalties have failed to constrain commercial catch in SAE7 and PDO7 to the statutory catch limits.
- More realistic port and export prices are required to inform the current discussion regarding deemed value rates for two stocks under review, SAE7 and PDO7.
- The NZSFC acknowledge the need to provide for small amounts of unanticipated non-target catch. In a target fishery excessive overcatch of the magnitude described in SAE7 is cynical and unacceptable.

The NZSFC submit the following solution -

The New Zealand Sport Fishing Council supports the development of a more flexible mechanism to ensure that all legal commercial catch, intentional or not, is landed and accounted for in annual reporting and stock assessment processes.

Proposals

Application of the Deemed Value Guidelines has identified six stocks for review. Of particular interest is the deemed value rates for Triangle Shell 7 (SAE7), Deepwater Tuatua 7 (PDO7) and Coromandel Scallops (SCA CS) because the TACs and TACCs are also being reviewed and each stock has special characteristics.

Fish stocks prioritised for review in 2016

Stock	Rationale for review	Proposed action	Basis for proposed action
GSC5 Giant spider crab 5	422% of TACC caught in 2014/15	No change to deemed value rates.	Non-target species. Trawl caught GSC worthless. More time required to monitor effectiveness of previous decisions.
SBW1 Southern blue whiting 1	364% of TACC caught in 2014/15	No change to deemed value rates.	Non-target species in mixed fishery with variable abundance.
SAE7 Triangle Shell 7	215% of TACC caught in 2014/15	Increase deemed value rates	MPI Guidelines for target species. Set annual deemed value rate at twice the port price.
PDO7 Deepwater Tuatua 7	108% of TACC caught in 2013/14; 102% of available ACE caught in 2014/15	Increase deemed value rates	MPI Guidelines for target species. Set annual deemed value rate at twice the port price.
SSC3 Sea cucumber 3	109% of TACC caught in 2014/15	Increase deemed value rates	Moving from non-target to target species. Set annual deemed value rate at twice the port price.
SCA CS Coromandel Scallops	34% of TACC caught in 2015	No change to deemed value rates	Fishery is performing within Guidelines.

Triangle Shell 7 (SAE7), Deepwater Tuatua 7 (PDO7) and Coromandel Scallops (SCA CS) are all target species. All are on Schedule 6 of the Fisheries Act, enabling a commercial fishers to return unwanted catch to the water from where it was taken if it is likely to survive, or, in the case of scallops, out of season.

Initial views

The Ministry for Primary Industries (MPI) recommends no change to deemed value rates for three of those stocks: Giant spider crab 5 (GSC5), Southern blue whiting 1 (SBW1) and Coromandel Scallops (SCA CS).

Changes for Triangle Shell 7 (SAE7), Deepwater Tuatua 7 (PDO7) are worthy of a NZSFC response. The current deemed value rate for SAE7 is \$1.02 while the port price for landed Triangle shell is \$5/kilo, and the export price is conservative at \$8.00 per kilo. For PDO7 the deemed value rate is proposed to increase from \$1.44 per kilo to \$5/kg. The port price is conservative at \$5/kg, as is the export price at \$8.00 per kilo.

Concerns –

- Commercial catch in SAE7 has exceeded the 112 tonne TACC in the past two years with the company responsible conceding at a public meeting that it was for scientific research purposes.
- Deemed value penalties have failed to constrain commercial catch in SAE7. In 2012/13 there was 44% excess catch, rising to 71% in 2013/14.

- The proposed new deemed value rates are unlikely to discourage overcatch beyond the existing TACC.
- The failure to control excess catch and the profitable returns from landing catch are likely contributing factors to the (concurrent) proposals to increase the TACC for SAE7 and PDO7, by 110% and 385% respectively.
- Given the high market value of these species it is hard to believe the \$5/kg port price and \$8/kg export price are realistic. More investigation is required to verify these numbers.
- Low deemed values, even at the proposed new rates, will make it extremely profitable to continue over harvesting in SAE7 and PDO7. Those profits are more attractive if the fishers, Licenced Fish Receiver and exporter are the same entity. The relationship between the entities involved in Surf clams is not made clear in the Initial Position Paper, but is worth investigation.