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Sustainability Review 2021  
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27 July 2021

## **Submission: Review of deemed value rates for selected stocks for 2021-22**

### **Recommendations**

1. The Minister acknowledges that the deemed value regime is a failure as it has consistently failed to constrain commercial catch to the statutory limits set by previous Ministers.
2. The Minister directs Fisheries New Zealand to develop a more flexible mechanism that will remove the incentive for fishers to exceed the Total Allowable Commercial Catch year after year in anticipation of a TACC increase in the future.
3. The Minister insists on electronic monitoring including cameras on vessels to monitor discards and fish released under Schedule 6 of the Fisheries Act 1996.
4. The Minister retains the current deemed value rates applying in Kingfish 8 to ensure that strong incentives remain to both release live kingfish and innovate to avoid large over runs of the TACC.

### **The submitters**

5. The New Zealand Sport Fishing Council (NZSFC) appreciates the opportunity to submit on the review of deemed value rates for six stocks including Blue cod 7, Bluenose 2, and Kingfish 8. Fisheries New Zealand (FNZ) advice of consultation was received on 23 June 2021, with submissions due by 27 July 2021.
6. The NZ Sport Fishing Council is a recognised national sports organisation of 55 affiliated clubs with over 36,200 members nationwide. The Council has initiated LegaSea to generate widespread awareness and support for the need to restore abundance in our inshore marine environment. Also, to broaden NZSFC involvement in marine management advocacy, research, education and alignment on behalf of our members and LegaSea supporters. [www.legasea.co.nz](http://www.legasea.co.nz).

7. The New Zealand Angling and Casting Association (NZACA) is the representative body for its 35 member clubs throughout the country. The Association promotes recreational fishing and the camaraderie of enjoying the activity with fellow fishers. The NZACA is committed to protecting fish stocks and representing its members' right to fish.
8. The New Zealand Underwater Association is comprised of three distinct user groups including Spearfishing NZ, affiliated scuba clubs throughout the country and Underwater Hockey NZ. Through our membership we are acutely aware that the depletion of inshore fish stocks has impacted on the marine environment and the wellbeing of many of our members.
9. Collectively we are '*the submitters*'. The joint submitters are committed to ensuring that sustainability measures and environmental management controls are designed and implemented to achieve the Purpose and Principles of the Fisheries Act 1996, including "maintaining the potential of fisheries resources to meet the reasonably foreseeable needs of future generations..." [s8(2)(a) Fisheries Act 1996].
10. Our representatives are available to discuss this submission in more detail if required. We look forward to positive outcomes from these reviews and would like to be kept informed of future developments. Our contact is Helen Pastor, [secretary@nzsportfishing.org.nz](mailto:secretary@nzsportfishing.org.nz).

## **Background**

11. 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 and catch area.
12. The New Zealand Sport Fishing Council has made substantive submissions on the deemed value regime for more than a decade. Many of the issues raised previously still exist today.
13. We know that not all deemed value invoices are paid by the offender. MPI has offered several reasons for this non-payment in the past. Our concern has always been that the costs of overfishing is not attributed to the fishers responsible, the cost is externalised, paid by the fishery and other stakeholders.
14. The deemed value system continues to incentivise either overfishing or dumping, depending on the landed and export price of the species. It has also driven up ACE prices for some species. In the case of kingfish, Schedule 6 enables commercial fishers to release fish that are likely to survive.
15. Historically, ongoing excess catch has become a justification for increasing the TACC for a number of low information stocks which has been supported by the Ministry, and approved by earlier Ministers. Commercial catch on its own is a very poor measure of stock abundance and sustainability. The submitters continue to object to TACC increases on basis of excess catch.

## FNZ Proposals

### Kingfish 8 (KIN 8)

16. Fisheries New Zealand (FNZ) propose the following deemed value rates to apply in KIN 8 from 1 October 2021. (Table 1).

**Table 1:** Current and proposed deemed value rates for Kingfish 8. Dollar (\$) per kilo of catch in excess of the TACC.

Stock	Option	Interim	Annual 100-120%	Differential rates (\$/kg) for excess catch (% of ACE)				
				120-140%	140-150%	150-160%	160-170%	>170%
KIN 8	Current	8.00	8.90	10.68	12.46	14.24	16.02	17.80
	Proposed	4.00	4.45	5.34	6.23	7.12	8.01	8.90

### FNZ rationale for deemed value rate changes

17. Fisheries New Zealand (FNZ) rationale for reviewing KIN 8 deemed value rates includes:

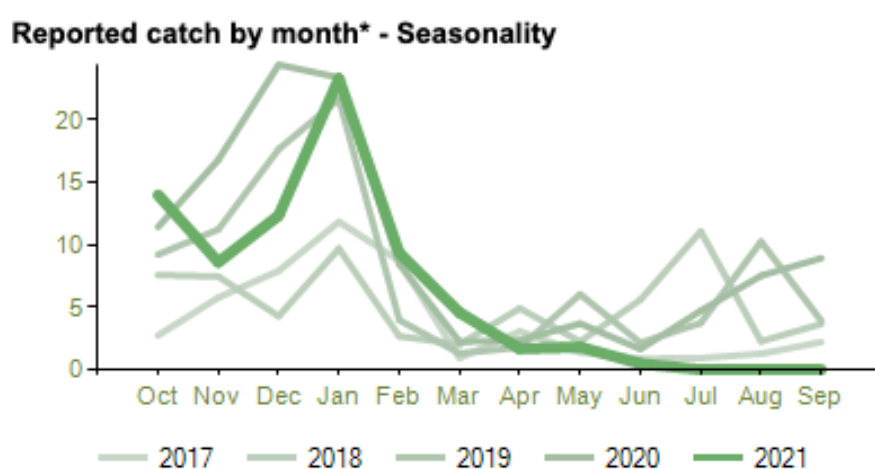
- A significant amount of catch is taken during tows that straddle KIN 7 & 8. Concerned about misreporting of KIN 8 catch as being taken in KIN 7.
- KIN 7 deemed value rate was lowered from 8.90 to 4.45 from October 2020, reflecting the low value returns on frozen kingfish, around \$2.00 per kilo.
- The deemed value rate in KIN 8 needs to match the lower rate applying in KIN 7.
- Biomass in KIN 7 & 8 has increased.
- KIN 8 catch over the past two years has been double the available ACE.
- ACE price for KIN 8 reflects the deemed value rates rather than the product value (60-70% is frozen kingfish).

### Response to proposals

18. The deemed value regime is not working.
19. The deemed value rates currently applying in Kingfish 8 (KIN 8) need to be retained. They are not the problem.
20. The problem in KIN 8 is corporate fishing interests who want to reduce the maximum differential deemed value rate from \$17.80 down to \$8.90 so they can continue to catch more of the other west coast species and merely treat kingfish as a low value bycatch.
21. Kingfish is a high value fish coveted by sushi and sashimi consumers worldwide. To treat the fish as a low value frozen commodity costs New Zealand export revenue when international markets are undersupplied for fresh product. The cost of this lost value should not be externalised to the NZ public, and retaining high deemed values is one way of recovering some of the lost value by using inappropriate fishing methods.

22. The Total Allowable Commercial Catches (TACCs) set to limit commercial catch has failed to constrain landings in both KIN 7 & 8:
  - a. In KIN 7 annual landings have averaged 170% in excess of the TACC in the past five years.
  - b. In KIN 8 annual landings have averaged 70% in excess of the TACC in the past five years.
  - c. In KIN 8 up to July 1<sup>st</sup> 96% of ACE has already been caught.
23. We note from the FNZ graph (Fig 1) that there can be a lot of catch between July and September, so clearly the catch in KIN 8 for this fishing year up to 30 September will once again exceed the statutory limit set by the Minister. It seems incredible that the statutory process can be treated with such contempt, usually by the same operators year after year.

**Figure 1:** Reported catch in Kingfish 8, by month. Source: Fisheries New Zealand.



\*All amounts are shown in thousands of kgs.

24. In terms of excessive catch there are several corporates who repeatedly catch way beyond what any reasonable person would consider as unavoidable 'bycatch'. See Table 2.

**Table 2:** Catch in excess of available ACE by corporate commercial fishing interests during the past full fishing years 2017-18 to 2019-20. Catch in kilograms (kgs).

Stock	Company name	Fishing year		
		2017-18	2018-19	2019-20
Kingfish 8	Sanford Ltd	8550	18734	29103
	Sealord Group	0	9344	20004
	Maruha NZ Corp	7011	5452	8761
	Sealord Charters	4618	15346	14041
	Independent Fisheries Ltd	109	4960	3277

Stock	Company name	Fishing year		
		2017-18	2018-19	2019-20
Kingfish 7	Sanford Ltd	1171	1408	3753
	Sealord Group	389	5837	0
	Maruha NZ Corp	10807	2967	3082
	Sealord Charters	13932	27396	14469
	Independent Fisheries Ltd	8593	8510	10238

25. This ongoing level of excessive catch goes largely unpunished. We can only assume that deemed value invoices are issued. We know from past experience that not all of those invoices are paid by the offending company. MPI has offered a range of reasons in the past for non-payment.
26. The submitters take no comfort from FNZ's assurance that they will "continue to monitor deemed value settings for KIN 8. If evidence suggests that the deemed value rates are not providing the appropriate incentive for fishers to remain within their ACE holding, they will be reviewed". What more evidence does FNZ need?
27. In the past three full fishing years in KIN 8 there has been overcatch of 154,843 kgs just by the top 10 companies. In KIN 7 excess catch by the top 10 companies for the same years is 115,488 kgs.
28. We submit that the deemed value penalties, even at the top rate of \$17.80, are insufficient to deter overcatch in the kingfish fisheries. Therefore FNZ nor the Minister can justify reducing the deemed value rates that currently apply in KIN 8. The proposal is merely an effort to reduce the costs of fishing for the offending corporates.
29. Moreover, lower deemed values reduce the incentives to innovate to avoid large catches of kingfish. This could be shifting the areas fished in December and January when kingfish catch is high or installing exclusion devices for large kingfish and marine mammals.

## Schedule 6 releases

30. Under Schedule 6 of the Fisheries Act 1996 commercial fishers can release kingfish back to the water provided they are likely to survive, are returned as soon as possible, and not taken by set netting.
31. We note that in KIN 8 the amount of kingfish released under Schedule 6 equates to the amount of kingfish currently being landed.
32. Without adequate electronic monitoring or observer coverage we have no idea if the kingfish released by commercial fishers under Schedule 6 survive the experience.
33. We are concerned that despite repeated requests from the submitters and the high value of kingfish to recreational interests, Fisheries New Zealand (FNZ) has not instituted any measures to monitor release mortality over time.

34. We submit the Minister must direct FNZ to develop effective methodology to measure release mortality from the range of fishing techniques used in the kingfish fisheries.

## **Value of catch**

35. Kingfish are highly valued by non-commercial interests, both Māori customary and recreational fishing interests so it is disturbing that FNZ has done so little to protect the kingfish stocks from exploitation.
36. The submitters acknowledge that there are small-scale commercial fishers who actively avoid kingfish, use Schedule 6 appropriately, and yet there is still potential for some overcatch due to the variable nature of fishing.
37. We have received assurances in the past that Kingfish 7 & 8 are bycatch only fisheries, mainly taken as bycatch by the large trawlers targeting jack mackerel and barracouta off the west coast of the North Island.
38. When fishers cannot avoid catch that they hold no ACE to cover they need to be prevented from fishing in those areas. Bycatch isn't inevitable and can be largely avoided by selecting different fishing grounds. The magnitude of overcatch suggests that some areas need further protection to defend kingfish.
39. What's even more disturbing is that the factory trawlers and other crews are freezing the kingfish and only earning \$2 to \$2.50 per kilo. At this pittance rate of return these precious fish ought to stay in the water.

## **Land all catch**

40. In June the Hon David Parker, Minister of Oceans and Fisheries, confirmed the Government was seeking to introduce a land all catch strategy<sup>1</sup>. He mentioned there would be limited exceptions such as spiny dogs.
41. In the past 50 years the New Zealand Sport Fishing Council, the NZ Marine Research Foundation and others have committed time, resources and hundreds of thousands of dollars in an effort to educate its members and the public on the benefits of conserving kingfish for future generations. A land all catch strategy that includes kingfish would fly in the face of these conservation efforts and potentially discourage the public from any future marine conservation programme.
42. We submit that fundamental reforms are required before a land all catch strategy would be effective at incentivising more targeted fishing.
43. The New Zealand Sport Fishing Council's reform package [Rescue Fish](#) includes a land all catch strategy with some exclusions to provide for high value, low impact fishing enterprises for specific species such as kingfish. We are confident that New Zealand can benefit from higher value returns from fishing while implementing comprehensive monitoring of fishing and catches.
44. We submit that the Rescue Fish reforms would restore the abundance and diversity of our marine estate for the benefit of all New Zealanders. Earning \$2.50 for a frozen kingfish just doesn't add up to any benefit equation.

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<sup>1</sup> <https://www.rnz.co.nz/national/programmes/ninetonoon/audio/2018800308/fish-dumping-ban-biggest-change-to-management-in-100-years>