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2022 Sustainability Review
Fisheries Management
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22 July 2022

Submission: Review of Deemed Value Rates for Selected Stocks for 2022/23

Recommendations

1. **The Minister of Oceans and Fisheries** acknowledges that the deemed value regime is a failure as it has consistently failed to constrain commercial catch of many stocks to the statutory limits set by previous Ministers.
2. The Minister does not lower the deemed value rates applying in KIN 3, 7 & 8, and in SNA 2.
3. The Minister increases the deemed value rates applying in TRE 1, as proposed.
4. The Minister notes that incentives exist for fishers to exceed the Total Allowable Commercial Catch year after year in anticipation of a TACC increase in the future.
5. The Minister retains the current deemed value rates applying in Kingfish 3, 7 & 8 to ensure that strong incentives remain to release live kingfish, and to innovate to avoid large over runs of the TACC.

The submitters

6. The New Zealand Sport Fishing Council (NZSFC) appreciates the opportunity to submit on the review of deemed value rates for five stocks including Kingfish 3, 7 & 8, Snapper 2 and Trevally 1. Fisheries New Zealand (FNZ) advice of consultation was received on 14 June 2022, with submissions due by 22 July 2022.
7. The NZSFC 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.
8. The New Zealand Angling & 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.
9. The New Zealand Underwater Association is comprised of 43 clubs nationally who represent a cohort of approximately 160,000 participants in underwater activities in New Zealand. These activities include diving, snorkelling, freediving, fin swimming, underwater hockey, spearfishing, underwater photography, underwater rugby, ghost diving marine clean up and Experiencing Marine Reserves. Through our membership we are acutely aware that the depletion of inshore fish stocks has impacted on the marine environment and our members' wellbeing.
10. Collectively we are '*the submitters*'. The 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].
11. 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

Proposal

12. [Proposal here](#)

13. **Table 1** - Current and proposed deemed value rates for KIN 3, 7, 8, SNA 2, and TRE 1 fish stocks.

Species	Stock	Current				Proposed			
		Interim \$/kg	Annual \$/kg	Annual at maximum excess \$/kg	Differential	Interim \$/kg	Annual \$/kg	Annual at maximum excess \$/kg	Differential
Kingfish	KIN 3	4.00	4.45	8.90	Standard	3.04	3.30	4.00	Special
	KIN 7 / KIN 8	4.00	4.45	8.90	Standard	3.04	3.30	5.00	Special
Snapper	SNA 2	5.40	6.00	12.00	Special	4.03	4.48	8.96	Standard
Trevally	TRE 1	1.13	1.25	5.00	Special	1.35	1.50	5.25	Special

Background

- 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 over catch not covered by ACE. The per kilo cost may ramp up on a sliding scale, depending on the species and catch area.
- The submitters have made substantive submissions on the deemed value regime for more than a decade. Our [last submission](#) was made in July 2021. Many of the issues raised previously still exist today.
- 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 cost of overfishing is not attributed to the fishers responsible, the cost is externalised, paid by the fishery and other stakeholders.
- 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 Annual Catch Entitlement (ACE) prices for some species. In the case of kingfish, Schedule 6 enables commercial fishers to release fish that are likely to survive.
- Historically, ongoing excess catch has become a justification for increasing the Total Allowable Commercial Catch (TACC) for several 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 excess catch being used as the established pathway to increase TACCs for low information stocks.

19. Deemed values are already low by historical standards and inflation is already over 7%. With fish prices rising the incentive will be to simply keep the fish, pay the deemed value and still make a healthy profit.

Value of catch - Kingfish

20. 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 over exploitation.

21. 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.

22. 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.

23. Bycatch of kingfish isn't inevitable; it can be largely avoided by selecting different fishing grounds. The magnitude of overcatch suggests that some areas with consistently high catches need further protection to defend kingfish.

24. 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 incentives need to remain so as much of the catch is returned to the water alive, as allowed under the provisions of the Fisheries Act. On the other hand, deemed values need to limit targeting of kingfish by inshore vessels with limited ACE who sell fresh chilled catch at a much higher price.

Discussion

Kingfish 3, 7 & 8 (KIN 3, 7 & 8)

25. The deemed value regime is clearly not working.

26. Last year FNZ proposed the Minister of Oceans and Fisheries lower the deemed value rates in KIN 8 to match the lower rates applying in KIN 7. In [last year's submission](#) we urged the Minister to retain the existing deemed value rates in KIN 8 as they were clearly not the problem.

27. The Minister agreed to lower the rate from 1 October 2021, and it is no surprise that the problem is KIN 8 remains. It was corporate fishing interests who wanted to reduce the maximum differential rate from \$17.80 down to \$8.90 so they could continue to catch more of the other west coast species and merely treat kingfish as a low value bycatch. Now they want it reduced again, from \$8.90 down to a maximum of \$5.00 in KIN 7 & 8 and to \$4.00 per kilo in KIN 3.
28. Kingfish is a high value fish coveted by sushi and sashimi consumers worldwide. NZ needs to be seeking to maximise the value from harvesting kingfish. Instead, we continue to be insulted by an industry that treats much of our mighty kingfish as a low value frozen commodity earning around \$2.00 to \$2.50 per kilo.
29. We strongly object to any recommendations from FNZ or any decision by the Minister to now reduce the deemed value rates in Kingfish 3, 7 & 8.
30. And we cannot continue to fiddle around the margins, the fundamental drivers of dumping, discarding and overcatch must be addressed.
31. The mid-water trawl fleet targeting mackerel are catching kingfish in KIN 8. We have had reports that in some years they get 10-20 tonne bag hits of fish. Kingfish are on Schedule 6 so they can legally be released as long as they might survive. The kingfish caught in large bags and trawled to the surface are susceptible to damage. Without adequate electronic monitoring or observer coverage we have no idea if, or how many, of the kingfish released by commercial fishers under Schedule 6 survive.
32. We remain concerned that despite repeated requests from the submitters and the high value of kingfish to recreational and Māori customary interests, FNZ has not instituted any measures to monitor release mortality of trawl caught fish over time.
33. Clearly, higher deemed value rates have not been a strong incentive to deter overcatch or incentivise a change in fishing practices.
34. We submit that reducing the deemed value rates applying in KIN 3, 7 & 8 will merely reduce QMS compliance costs making fishing more profitable for the offending corporates, at the expense of the resource and to the detriment of recreational, Māori customary and environmental interests.

Trevally 1 (TRE 1)

35. FNZ also proposes the Minister increase the deemed value rates applying in Trevally 1 (TRE 1).

36. We agree with the proposed deemed value rate increase as the port price and export value have both increased, and it is frequently a target species for purse seine and mixed species trawl vessels in TRE 1.
37. We agree that the management of TRE 1 ought to be reviewed when the updated research data is available as the stock has not been reviewed since it was introduced to the Quota Management System in 1986.

Snapper 2 (SNA 2)

38. FNZ also proposes the Minister reduce the deemed value rate applying in SNA 2, from an annual rate of \$6.00 per kilo to \$4.48.
39. FNZ justify this proposal on the basis that it will align the SNA 2 rates with those applying in SNA 8.
40. Last year the Minister agreed to both increase the Total Allowable Catch (TAC) in SNA 8 and decrease the deemed value rate, based on an increase in stock abundance. FNZ advises the same rationale ought to apply in SNA 2, as there is some indication the stock is rebuilding.
41. FNZ has not provided any evidence in the Discussion Document to support the assertion the SNA 2 stock is rebuilding. A deemed value reduction should not be used as a fisheries management tool to get around consulting on and resetting catch limits. And if SNA 2 is rebuilding then the Minister could review catch settings next year. That is the appropriate time to review SNA 2 deemed value rates, not just because it seems like a good idea to align the rates with SNA 8. Otherwise, we are just creating a downward trend where the next proposal will be to reduce the deemed value rates in SNA 1 because there is crossover with the neighbouring SNA 2 stock.
42. Over the past few years, we have seen similar reductions in kingfish. First it was a reduction to the deemed value rates in KIN 3 & 7, now it's proposed for KIN 8.
43. This nonsense must stop.

Summary

44. Based on the available information the Minister must acknowledge that the deemed value regime has failed at the most fundamental level, to constrain commercial catch

to statutory levels. We urge the Minister to direct Fisheries New Zealand to remove the incentives for fishers to exceed the Total Allowable Commercial Catch year after year in anticipation of a TACC increase in the future.

45. FNZ needs to front up and admit that excess catch goes largely unpunished. Despite repeated requests, we have never been given adequate information in regard to the sum of deemed value invoices issued compared to deemed value payments in response to those invoices.
46. The inadequate and unreasonable response to ongoing overcatch and lack of any meaningful measures to address the core issues leaves us seriously concerned that the proposed reductions are a strategic move by FNZ and corporate fishing interests to lock in lower deemed value rates prior to the onboard camera rollout.
47. Cameras onboard combined with land-all catch will make some operations unprofitable, while also making it affordable for corporate fishers to land fish because they are also wholesalers and retailers, and the deemed value rate would be low.
48. We are concerned that small-scale owner-operators will be left with no choice but to sell out at a lower price to the corporates as they won't be able to continue in business, yet these owner-operators are the very people we need to retain in the industry. They live and fish locally while supporting their local communities and regional economy. Corporates on the other hand send a truck to pick up fish from the docked vessel, drop ice on board and drive away to the processing shed in a city miles from the wharf, thus denying locals the opportunity to fulfil their social, economic, cultural, and personal wellbeing from fishing.