



Fisheries New Zealand

Tini a Tangaroa

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

Fisheries New Zealand Discussion Paper No: 2022/14

ISBN No: 978-1-99-103917-0 (online)

ISSN No: 2624-0165 (online)

June 2022

Disclaimer

While every effort has been made to ensure the information in this publication is accurate, Fisheries New Zealand does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decisions based on this information.

© Crown Copyright – Fisheries New Zealand

1	Executive Summary	1
2	Deemed values regime	2
2.1	Deemed value framework	2
2.2	Legal basis	2
2.3	Types of deemed value rate	2
2.4	Review of the deemed values regime	3
2.5	Deemed Value Guidelines	3
3	Identifying stocks for deemed value rate review	3
4	Input and participation of tangata whenua	4
5	Proposed Options	5
5.1	Kingfish / haku (KIN 3) – East and South Coasts South Island	5
5.2	Kingfish / haku (KIN 7 and KIN 8) – West Coast North and South Islands, top of the South Island	7
5.3	Snapper / tāmure (SNA 2) – East Coast North Island	11
5.4	Trevally (TRE 1) – North Coast North Island	12
6	Fisheries Amendment Bill and On-board cameras	15
7	Questions for submitters on options for adjusting deemed value rates	15
8	How to get more information and have your say	16
	Appendix 1 – Catch Balancing Review Process	17
	Appendix 2 – Quota Management Areas	18

1 Executive Summary

- Deemed values are the charges that commercial fishers must pay for every unprocessed kilogram of fish¹ landed in excess of their Annual Catch Entitlement (ACE) holdings (\$/kg). Deemed values rates are set by the Minister, by Gazette Notice, under section 75 of the Fisheries Act 1996 (the Act). By providing incentives for commercial catch to not exceed the available ACE, deemed values are a key component of the catch balancing regime.
- As commercial catch of many fish stocks can be hard to accurately predict, the deemed values regime must be sufficiently flexible to provide fishers with a mechanism to deal with unintended and accidental catch in excess of ACE, whilst providing incentives and constraint to limit over-catch.
- Deemed value rates are grouped into three types:
 - Interim rates:** the rate charged during the year, which is remitted if ACE is obtained;
 - Annual rates:** the base rate charged at the end of the fishing year for catch in excess of ACE; and
 - Differential rates:** increased annual rates for higher levels of excess catch (also known as ramping).
- The setting of deemed value rates and differential schedules is guided by the Deemed Value Guidelines.² However, in consideration of the particular circumstances relevant to each stock, the Minister has discretion on where to set the interim and annual rates, and what differential schedule to apply.
- Five stocks have been identified for deemed value rate review for the fishing year starting 1 October 2022 (Table 1).

Table 1: Current and proposed deemed value rates (\$/kg) for selected stocks from 1 October 2022.

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

- The five stocks listed in Table 1 are not subject to catch limit reviews in the current October sustainability round. There are 20 other stocks in this sustainability round for which catch limits are being reviewed, and the consultation documents for those stocks also incorporate a review of the respective stock's deemed value rates. Please refer to those papers if you are interested in commenting on the deemed value rates for those stocks.³
- Fisheries New Zealand (FNZ) welcomes feedback and submissions on the proposed deemed value rate adjustments as outlined in Table 1.

¹ Fish being those managed under the Quota Management System.

² <https://www.mpi.govt.nz/dmsdocument/40250-deemed-value-guidelines>

³ October 2022 sustainability round documents are available at <https://www.mpi.govt.nz/consultations/?opened=1&cat=8>

2 Deemed values regime

2.1 Deemed value framework

8. New Zealand's Quota Management System (QMS) includes a total of 642 fish stocks representing 98 species or species groups. Balancing catch against catching rights is known as the catch balancing regime and is key to ensuring the integrity of the QMS.
9. On the first day of the fishing year all quota owners are provided with ACE, based on their quota share and the current Total Allowable Commercial Catch (TACC). Under the catch balancing regime, fishers are required to balance their catch with ACE or pay a deemed value on all catch in excess of ACE.
10. Deemed values are charges that commercial fishers must pay for every unprocessed kilogram of QMS fish landed in excess of their ACE holdings (\$/kg).
11. The purpose of the deemed values regime is to provide incentives for individual fishers to acquire or maintain sufficient ACE to cover catch taken over the course of the year while allowing flexibility in the timing of balancing, promoting efficiency, and encouraging accurate catch reporting. By achieving this purpose, deemed values act to protect the long-term value of stocks and support kaitiakitanga by providing incentives for the overall commercial catch for each QMS stock to remain within the total available ACE.
12. However, the effectiveness of the incentives provided by the deemed values regime are dependent on individual fishers' compliance with landing and reporting requirements, their responses to the incentives provided and the impact of other incentives (e.g. those created by market conditions).

2.2 Legal basis

13. The Fisheries Act 1996 provides the legal basis for managing fisheries in New Zealand, including the Minister's responsibilities for setting and varying sustainability measures. See the separate document *Overview of legislative requirements and other considerations* at <https://www.mpi.govt.nz/dmsdocument/51712> for more information.
14. Section 75(1) of the Act requires the Minister to set deemed value rates for all stocks managed under the QMS. Section 75(2)(a) requires the Minister, when setting deemed value rates, to take into account the need to provide an incentive for every commercial fisher to acquire or maintain ACE that is not less than the fisher's total catch of each stock taken.
15. Section 75(2)(b) allows the Minister, when setting deemed value rates, to have regard to:
 - the desirability of commercial fishers to land catch for which they do not have ACE;
 - the market value of ACE;
 - the market value of the stock;
 - the economic benefits obtained by the most efficient fisher, licensed fish receiver, retailer, or any other person from the taking, processing or sale of the fish or associated with the fish;
 - the extent to which the catch of that stock has exceeded or is likely to exceed the TACC for the stock in any year; and
 - any other matters that the Minister considers relevant.

2.3 Types of deemed value rate

16. The deemed values regime does not create a standard deemed value rate, but a set of rates that apply under different circumstances:
 - **Interim deemed value rates** are charged each month for every kilogram of unprocessed fish landed in excess of ACE. If the fisher subsequently sources ACE to cover his or her catch, the interim deemed value payments are remitted. Operational policy requires that interim deemed value rates are set at 90% of the annual rate.

- **Annual deemed value rates** are charged at the end of the fishing year on all catch in excess of ACE. If the fisher has not sourced ACE by the end of the fishing year, the difference between the interim and annual deemed value rates is charged for all catch in excess of ACE.
- **Differential deemed value rates** are the progressively increased deemed value rates that apply to some stocks as the percentage by which a fisher's catch exceeds their available ACE increases. The standard approach is to increase the annual rate in 20% increments, up to a maximum of double the basic annual deemed value rate.⁴ However, more or less stringent schedules may be applied depending on the specific circumstances of the stock.⁵ Differential rates provide fishers with a stronger incentive to remain within their ACE and reflect the increasingly detrimental impact of higher levels of over-catch on sustainability and the long-term value of the resource.

2.4 Review of the deemed values regime

17. A multi-stakeholder review of the operation of the deemed values regime was conducted during 2019. The outcome of the review was a series of recommendations on how the operation of the deemed values regime could be improved. These recommendations were subsequently accepted by FNZ and have been used to develop options for deemed value rate review within this paper.⁶

2.5 Deemed Value Guidelines

18. The Deemed Value Guidelines (2020) are the operational policy statement used to guide the development of advice on the setting of deemed value rates. The 2020 version of the Guidelines was developed as part of the deemed values review and supersedes the previous (2012) version.
19. In summary, the Guidelines provide six statements used to inform the setting of deemed value rates:
 1. Deemed value rates should incentivise fishers to balance catch against ACE;
 2. Deemed value rates should incentive accurate catch reporting;
 3. Differential deemed values may be set;
 4. Other relevant matters may be considered when setting deemed value rates;
 5. The interim deemed value rates of all stocks should be set at 90% of the annual rate; and
 6. The deemed value rates for Chatham Island landings may be lower.
20. The Guidelines are not intended to be overly prescriptive and should provide for flexibility in the deemed value settings of individual stocks to meet the sustainability and utilisation objectives of the Act. As such, the deemed value rates of some stocks may depart from the Guidelines, if appropriate.

3 Identifying stocks for deemed value rate review

21. The stocks identified for deemed value rate review were primarily informed through the Catch Balancing Review Process ([Appendix 1](#)). The purpose of the Catch Balancing Review Process is to identify those stocks where catch balancing issues are of concern and provide options for management responses based on the potential causes of the over catch/economic changes in the fishery and stock specific considerations. The Catch Balancing Review Process was developed during the 2019 review of the deemed values regime.

⁴ The term 'basic annual deemed value rate' refers to the lowest annual deemed value rate i.e. before differential annual deemed values apply

⁵ For vulnerable or rebuilding stocks, or those taken with a high degree of selectivity, a more stringent differential schedule may be appropriate. Likewise, less stringent differential schedules may be more appropriate for low value, low TACC stocks where targeted fishing does not occur.

⁶ The final report of the deemed values working group is available online vis this link: <https://www.mpi.govt.nz/dmsdocument/40253-deemed-values-working-group-final-report>

22. The Commercial Catch Balancing Forum, comprising industry representatives, Te Ohu Kaimoana and FNZ officials meets annually as part of the Review Process. The purpose of the Forum is to discuss stocks where catch balancing issues are of concern and provide information and input into decision-making on what the appropriate management response may be.
23. The stocks identified for deemed value rate review are provided in Table 2.

Table 2: Rationale for stocks prioritised for review.

Species	Stock	Rationale for review
Kingfish	KIN 3	- Ongoing range expansion of kingfish means the current deemed value rates may not create appropriate incentives to land catch
	KIN 7	- Existing deemed value rates well above port price and may not create appropriate incentives to land catch
	KIN 8	
Snapper	SNA 2	- No sustainability concerns with this stock - Align deemed value rates with those of the adjacent SNA 8 stock
Trevally	TRE 1	- Port price has more than doubled in the last five years - Deemed value rates have remained unchanged in that time

24. The review of the management settings for the other 20 stocks in the October 2022 sustainability round also provides the opportunity for a review of the deemed value rates applicable to those stocks. For more information please see the appropriate consultation papers available on the [FNZ's consultation webpage](#).

4 Input and participation of tangata whenua

25. The manner in which the Ministry provides for input and participation of Māori is not discretionary but arises as a legal obligation from section 10 of the Settlement Act⁷ and section 12 of the Fisheries Act 1996.⁸ Section 12 (b) of the Act requires that before undertaking any sustainability process the Minister shall provide for the input and participation of tangata whenua who have a non-commercial interest in the stock or an interest in the effects of fishing on the stock. In considering the views of tangata whenua, the Minister is required to have particular regard for Kaitiakitanga from the perspective of tangata whenua.
26. Consistent with the agreements with iwi under section 10 of the Settlement Act, input and participation of tangata whenua into the sustainability decision-making process is provided mainly through Iwi Fisheries Forums, which have been established for that purpose.
27. Each Iwi Fisheries Forum can develop an Iwi Fisheries Forum Plan that describes how the iwi in the Forum exercise kaitiakitanga over the fisheries of importance to them, and their objectives for the management of their interest in fisheries. Iwi Fisheries Forums may also be used as entities to consult iwi with an interest in fisheries (however, FNZ will also engage directly with iwi on matters that affect their fisheries interests in their takiwa).
28. The timing of recent Iwi Fisheries Forum hui has meant that there has been limited opportunity for input from forums. The proposals in this paper were not finalised until after most hui had been held.
29. FNZ will engage with Iwi Fisheries Forums during consultation to seek input on the proposed deemed value adjustments. FNZ also welcomes any input and submissions on the options from tangata whenua outside of this planned engagement.

⁷ Section 10 of the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 refers to the effect of settlement on non-commercial Māori fishing rights and interests <https://www.legislation.govt.nz/act/public/1992/0121/latest/DLM281461.html>

⁸ Section 12 of the Fisheries Act 1996 refers to consultation <https://legislation.govt.nz/act/public/1996/0088/latest/DLM395504.html>

5 Proposed Options

30. Table 3 sets out the key information that informed the development of proposals for the prioritised stocks. Relevant fishery information is also discussed alongside the options presented below.

Table 3: Information to support review of deemed value rates for stocks that meet the criteria.

Stock	2020/21 TACC (t)	% ACE caught 2020/21 ⁹	Average ACE price \$/kg ¹⁰	Interim DV \$/kg	Annual DV \$/kg	2022/23 Port Price \$/kg ¹¹
KIN 3	11	128%	\$3.28	4.00	4.45	5.68
KIN 7	44	62%	\$3.90	4.00	4.45	1.73
KIN 8	80	123%	\$9.37	4.00	4.45	2.20
SNA 2	315	101%	\$3.97	5.40	6.00	5.37
TRE 1	1,507	100%	\$0.54	1.13	1.25	1.58

31. Maps showing the Quota Management Areas of the five stocks are shown in [Appendix 2](#).

5.1 Kingfish / haku (KIN 3) – East and South Coasts South Island

Fishery information

32. Most kingfish (*Seriola lalandi*) in KIN 3 is taken by set net vessels targeting species such as school shark and rig. In the last two completed fishing years the quantity taken as non-target catch by inshore trawl and Danish seine vessels has also increased (refer Figure 1).

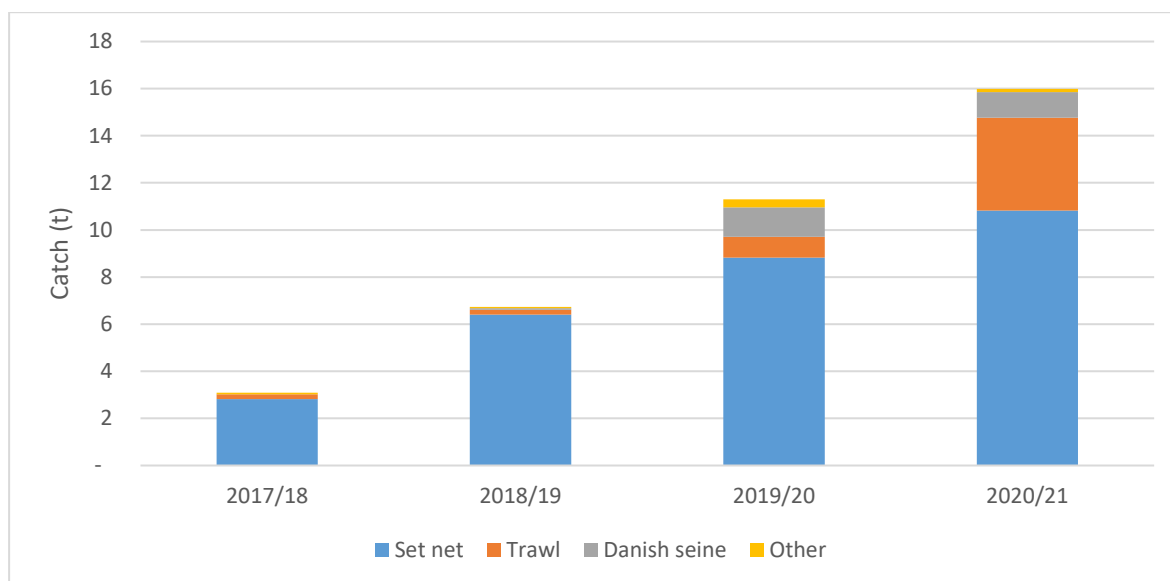


Figure 1: estimated catch of kingfish in KIN 3 by fishing method for the four years between 2017/18 and 2020/21.

33. The TACC for KIN 3 was increased from 6 to 11 tonnes for the 2020/21 fishing year in recognition of kingfish becoming more common around the South Island in recent years. In the 2020 Decision Document, FNZ noted that catch had increased over the last decade despite

⁹ 2020/21 landings are compared to available ACE, rather than the TACC. Available ACE exceeds the TACC for most stocks as the Fisheries Act 1996 provides for up to 10% of ACE to be carried forward to the next fishing year.

¹⁰ Average price paid per kg of ACE transferred (exc. GST) during the 2020/21 fishing year (as reported by FishServe). Excludes transfers considered unrepresentative of true ACE price.

¹¹ This is the port price calculated during 2021/22 for use during the 2022/23 financial year

effort by the coast set net fleet decreasing over the same time period. Additionally, no noticeable changes in areas fished or operational practices had been identified that may have contributed to the increase in catch.

34. The apparent increase in abundance of kingfish in southern waters is reflected in catch exceeding available ACE every year since 2012/13 (refer Figure 2).

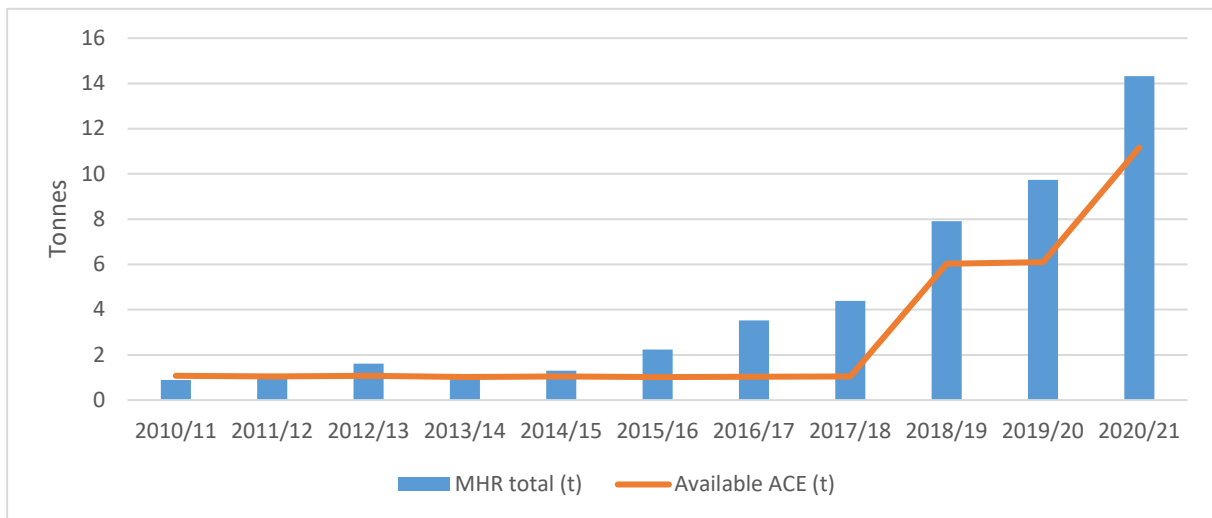


Figure 2: Catch vs available ACE for KIN 3 from 2010/11.

Deemed value rates, port price and ACE price information

35. Information on deemed value rates, port price, and average ACE price is summarised in Figure 3 below.

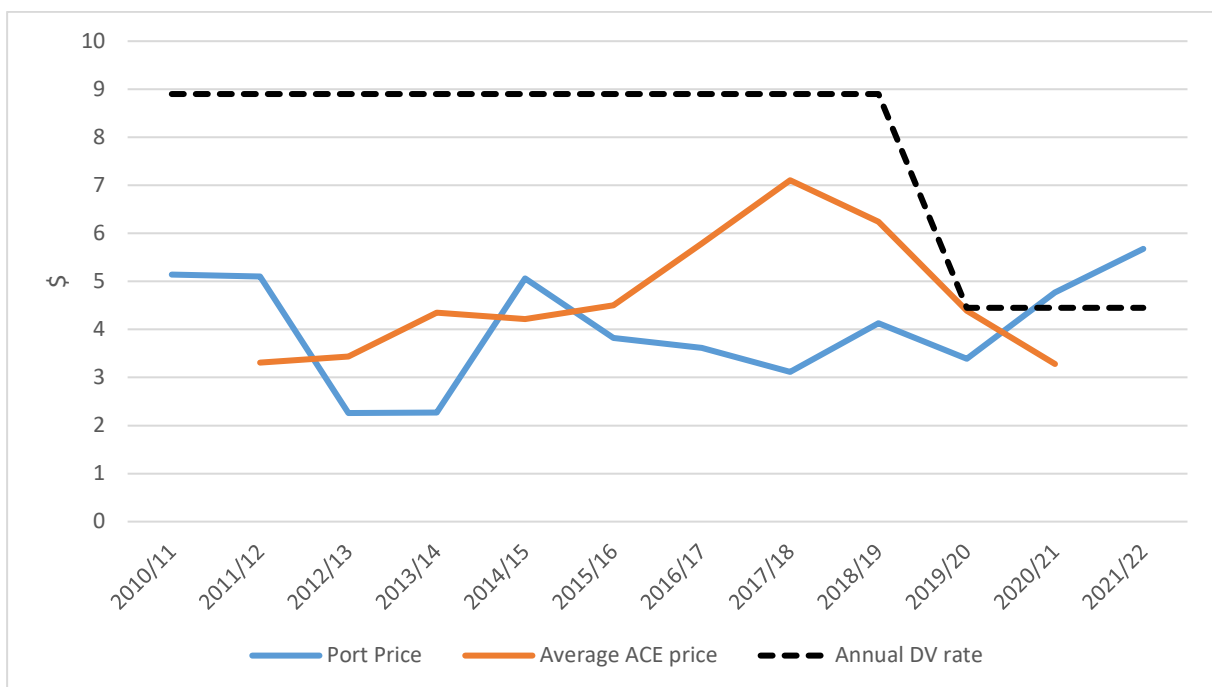


Figure 3: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for KIN 3 since 2010/11.

36. The deemed value rates for KIN 3 were last reviewed in 2019, when the basic annual rate was decreased from \$8.90/kg to \$4.45/kg, (the standard differential schedule continued to apply).
37. Historically, deemed values rates for all kingfish stocks (including KIN 3) have been set above the port price to provide a strong incentive for fishers to return live kingfish to the sea under the provisions of the Sixth Schedule of the Fisheries Act 1996. As noted above, most kingfish in KIN

3 is taken by set net vessels and the provisions of the Sixth Schedule of the Act specifically exclude kingfish taken by the method of set netting.

38. The incentive to return live kingfish to the sea is therefore not applicable to the fishers who take the most catch in KIN 3. The inability to return live kingfish, combined with what remains a relatively high basic annual deemed value rate of \$4.45/kg, may not create appropriate incentives for fishers to land all kingfish that is taken. Additionally, the low TACC means that differential deemed values can apply to relatively low volumes of catch, which may further reduce the incentives to land kingfish.
39. FNZ considers that a reduction in the annual deemed value rate together with adjusting the threshold at which differential deemed values apply may increase incentives for kingfish catch to be reported. FNZ recognises that KIN 3 remains outside the core area of kingfish distribution and that a reduction in deemed value rates is unlikely to create incentives for fishers to catch more of this species.
40. The proposed deemed value rates for this stock are shown in Table 4.

Table 4: Current and proposed deemed value rates (\$/kg) for KIN 3.

Stock	Option	Interim	Annual 100-120%	Differential rates (\$/kg) for excess catch (% of ACE)				
				120-140%	140-160%	160-180%	180-200%	>200%
KIN 3	Current	4.00	4.45	5.34	6.23	7.12	8.01	8.90
	Proposed		Annual 100-150%	>150%				
		3.04	3.30	4.00				

41. The proposed basic annual deemed value rate for KIN 3 is \$3.30/kg, which represents a decrease of \$1.15/kg from the current rate. The standard differential schedule would be replaced with a single differential rate that would apply to catch more than 150% of ACE holdings. FNZ considers the proposed rates would increase incentives for fishers to accurately report catch and balance catch against ACE.
42. FNZ considers that the proposal is also consistent with the approach set out in the Deemed Value Guidelines, which envisage that deemed value rates should be adjusted upwards where stocks are subject to rebuilding plans (and vice versa where there are no sustainability concerns). As noted above, kingfish appears to be becoming more abundant throughout the KIN 3 quota management areas.
43. The Guidelines also consider that differential deemed value rates may be less appropriate for stocks where there are no sustainability concerns and where targeted fishing does not occur (aside from one record, there has been no target fishing for kingfish in KIN 3 during the last four completed fishing years).

5.2 Kingfish / haku (KIN 7 and KIN 8) – West Coast North and South Islands, top of the South Island

Fishery information

44. In KIN 7 the majority of kingfish is taken by deepwater trawl vessels while targeting species such as jack mackerel and barracouta. In KIN 8, the deepwater trawl fleet has taken around half the catch during the last five years (primarily targeting jack mackerel) with the remainder taken by the inshore fleet (primarily trawl vessels targeting trevally).
45. Kingfish in KIN 7 and KIN 8 are likely to be the same biological stock. For the purposes of this proposal, FNZ has combined the two stocks together as kingfish can be taken on tows that cross the KIN 7 / KIN 8 quota management area boundary. Catches of KIN 7 and KIN 8 are summarised in the graphs below (Figure 4 and 5, respectively). As well as catch (the total

reported on MHRs), the quantity of kingfish reported as returned to the sea under the Sixth Schedule or below the minimum legal size is also included¹².

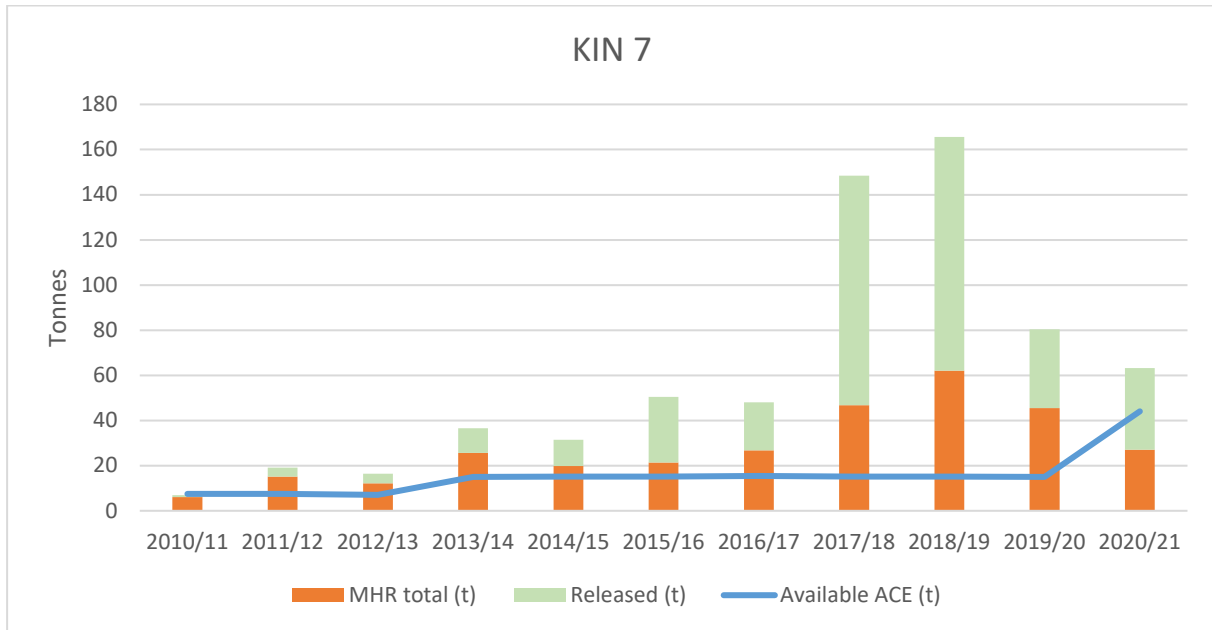


Figure 4: Catch (MHR total), available ACE, and sum of fish released (alive or below the minimum legal size) for KIN 7 from 2010/11.



Figure 5: Catch (MHR total), available ACE, and the sum of fish released (alive or below the minimum legal size) for KIN 8 from 2010/11.

46. The TACCs for KIN 7 and KIN 8 were increased from 15 and 45 tonnes respectively to 44 and 80 tonnes respectively for the 2020/21 fishing year. Catch has exceeded available ACE for KIN 7 for 9 of the last 11 completed fishing years. For KIN 8, catch has exceeded available ACE for all of the last 11 completed fishing years.

¹² The ability to record fish below the minimum legal size was introduced for trawlers greater than 28m in length in 2017 and extended to all fishers in during 2019.

Deemed value rates, port price and ACE price information

47. Information on deemed value rates, port price, and average ACE price is summarised below for KIN 7 (Figure 6) and KIN 8 (Figure 7).

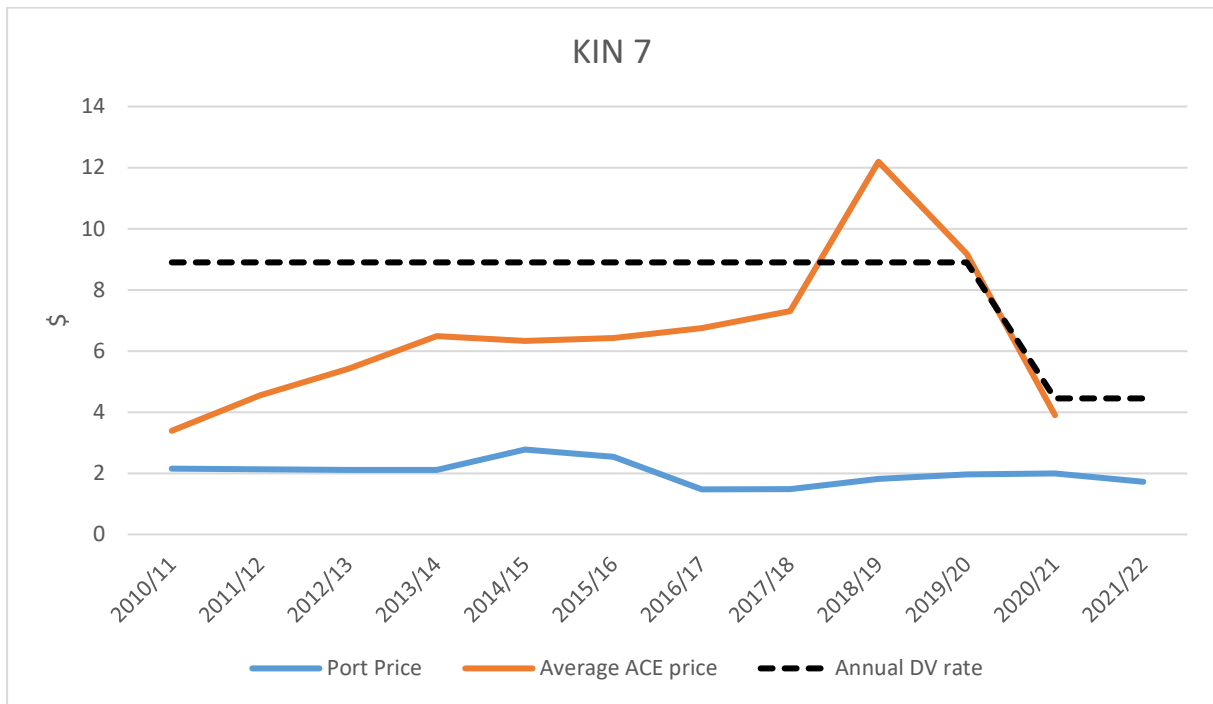


Figure 6: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for KIN 7 since 2010/11.

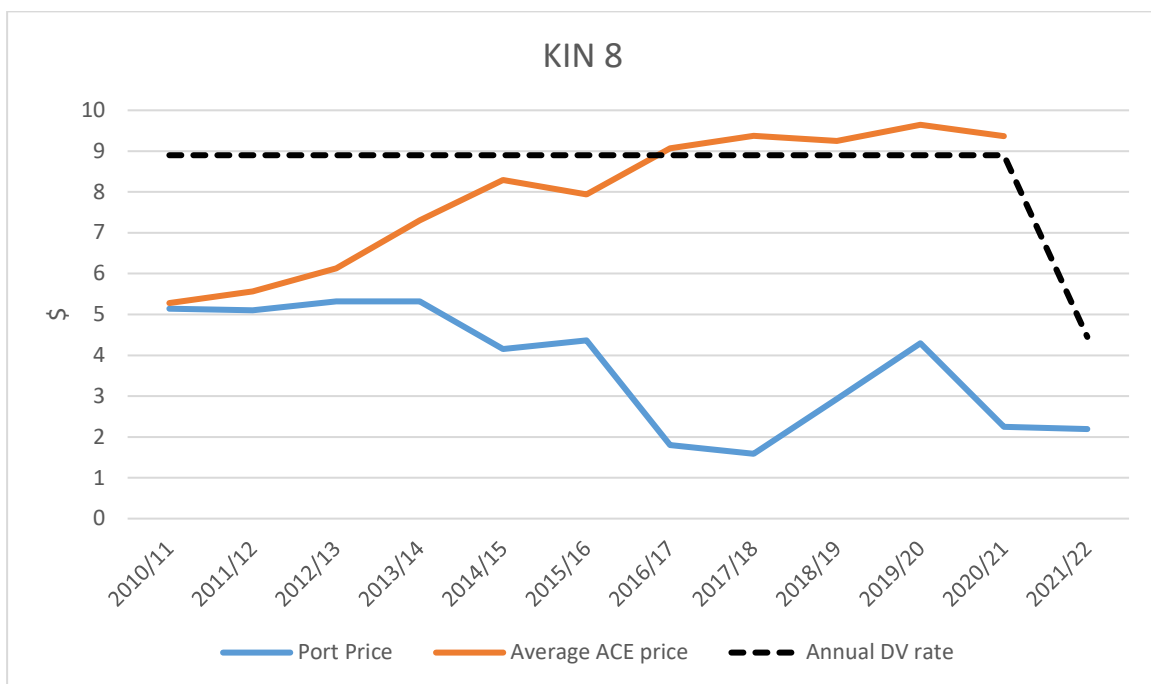


Figure 7: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for KIN 8 since 2010/11.

48. Figures 6 and 7 indicate the annual deemed value rates and average ACE prices for both stocks have been well above the port price for the entire time period. As noted above for KIN 3, deemed values rates for all kingfish stocks (including KIN 3) have been set above the port price to provide a strong incentive for fishers to return live kingfish to the sea under the provisions of the Sixth Schedule of the Act.

49. The deemed value rate of nearly \$9/kg was implemented when kingfish stocks were introduced into the QMS in 2003. While the basic annual deemed value rate for both stocks was lowered to \$4.45/kg (in 2020 for KIN 7 and in 2021 for KIN 8), this rate remains well above the current port price for both stocks (\$1.73/kg for KIN 7 and \$2.20 for KIN 8). This means that for fishers who take the majority of the catch of kingfish in KIN 7 and KIN 8, any kingfish they are unable to balance with ACE incurs financial costs.
50. To ensure the appropriate incentives exist for fishers to land all kingfish that is taken FNZ is proposing that the deemed value rates for KIN 7 and KIN 8 be decreased. The proposed rates for the two stocks are shown in Table 5.

Table 5: Current and proposed deemed value rates (\$/kg) for KIN 7 and KIN 8.

Stocks	Option	Interim	Annual 100-120%	Differential rates (\$/kg) for excess catch (% of ACE)				
				120-140%	140-160%	160-180%	180-200%	>200%
KIN 7 & KIN 8	Current	4.00	4.45	5.34	6.23	7.12	8.01	8.90
	Proposed		Annual 100-150%	150-200%	>200%			
		3.04	3.30	4.00	5.00			

51. The proposed changes are similar to those proposed for KIN 3 above, with the addition of a further differential deemed value rate of \$5.00/kg for all catch that is more than double a fisher's ACE holdings at the end of a fishing year. The basic annual deemed value rate of \$3.30/kg is above the current port price but, in the case of KIN 8, is below the 2019/20 port price.
52. As with KIN 3, FNZ considers that a reduction in deemed value rates is appropriate given there are no sustainability concerns for KIN 7 / KIN 8. The most recent CPUE (catch per unit effort) index, using data up to the end of the 2019/20 fishing year indicated that biomass has increased considerably since the low point in 2005/06 and has remained relatively stable at a high level since 2015/16 (as shown in Figure 8 below)

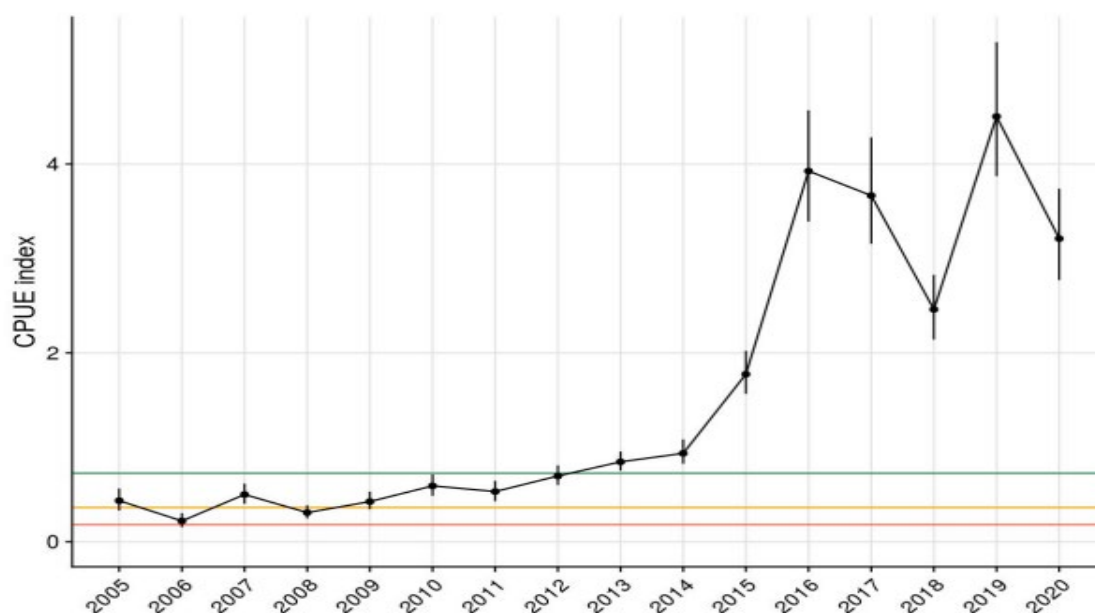


Figure 8: Standardised CPUE index for KIN 7 and KIN 8 (from the mid-water jack mackerel target trawl fishery) relative to the agreed reference points.

53. As with KIN 3, negligible targeting of kingfish has been recorded in KIN 7 / KIN 8 during the last four completed fishing years. FNZ considers that almost all records where kingfish was recorded as the target species are where the fisher has been fishing pursuant under an

approval granted pursuant to section 111 of the Fisheries Act 1996 (fish is treated as recreational catch)

54. Rationale for proposing a basic annual deemed value rate that is above the port price is to continue to provide an incentive for fishers to release live kingfish wherever possible. Unlike KIN 3 where most kingfish is taken by set netting, less than 10% of KIN 7 / KIN 8 is taken by set netting. This means the option of releasing live kingfish remains available to the majority of fishers who catch KIN 7 / KIN 8.
55. Rationale for moving away from the standard differential deemed value rate schedule is the same as that for KIN 3; there are no sustainability concerns and no target fishing. The additional proposed differential deemed value rate of \$5/kg for all catch that is more than double ACE holding also takes into account the ability for fishers to release live kingfish.
56. As with KIN 3, FNZ does not consider that a reduction in deemed value rates will create incentives for fishers to catch or retain more kingfish in KIN 7 / KIN 8.

5.3 Snapper / tāpure (SNA 2) – East Coast North Island

Fishery information

57. Catch of snapper in SNA 2 is dominated by non-target catch taken by trawl vessels targeting tarakihi and gurnard. There is some target trawl fishing, but effort has decreased in recent years.
58. Within SNA 2, there are thought to be two sub-stocks (north and south) with the Mahia Peninsula treated as the boundary between the two. The northern sub-stock is thought to be part of the Bay of Plenty (SNA 1) sub-stock, although the relationship between the two sub-stocks is unclear. Research on this is ongoing and due to be presented at the November 2022 Plenary.
59. Recent research indicates that abundance of snapper throughout SNA 2 (i.e. both sub-stocks) has increased over the last 5-6 years. The TACC for SNA 2 has not been reviewed since 2002.
60. Catch of SNA 2 and available ACE is shown below for the period since 2010/11. It shows that catch has exceeded available ACE for the last five completed fishing years

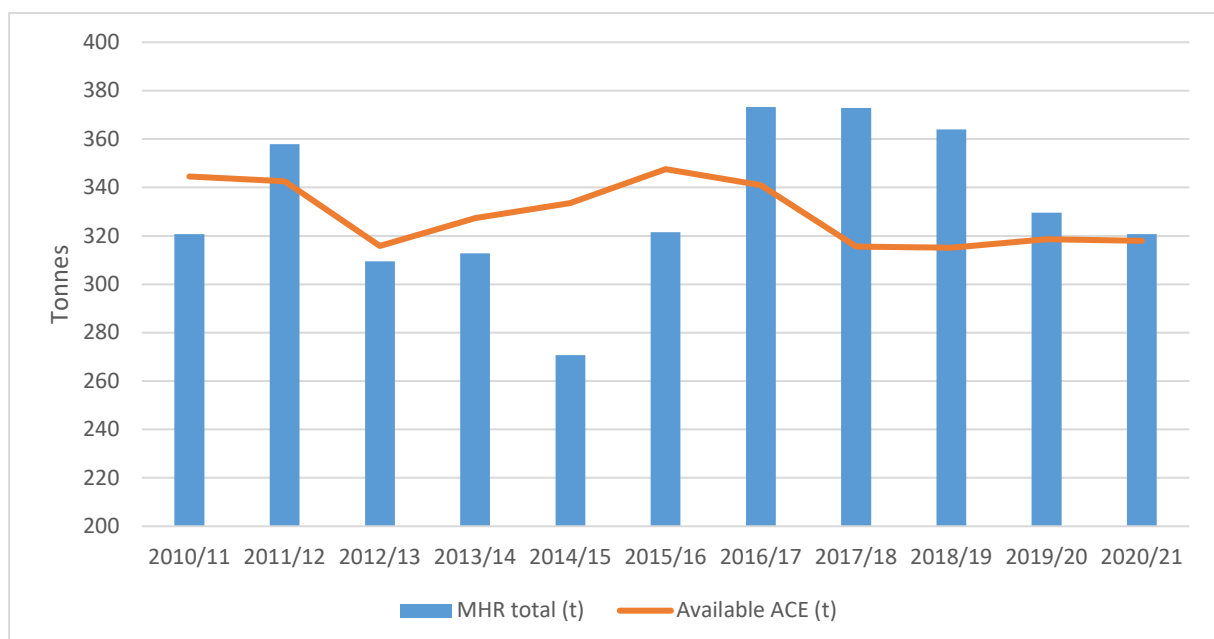


Figure 9: Catch vs available ACE for SNA 2 from 2010/11.

Deemed value rates, port price and ACE price information

61. Information on deemed value rates, port price, and average ACE price is summarised in Figure 10 below.

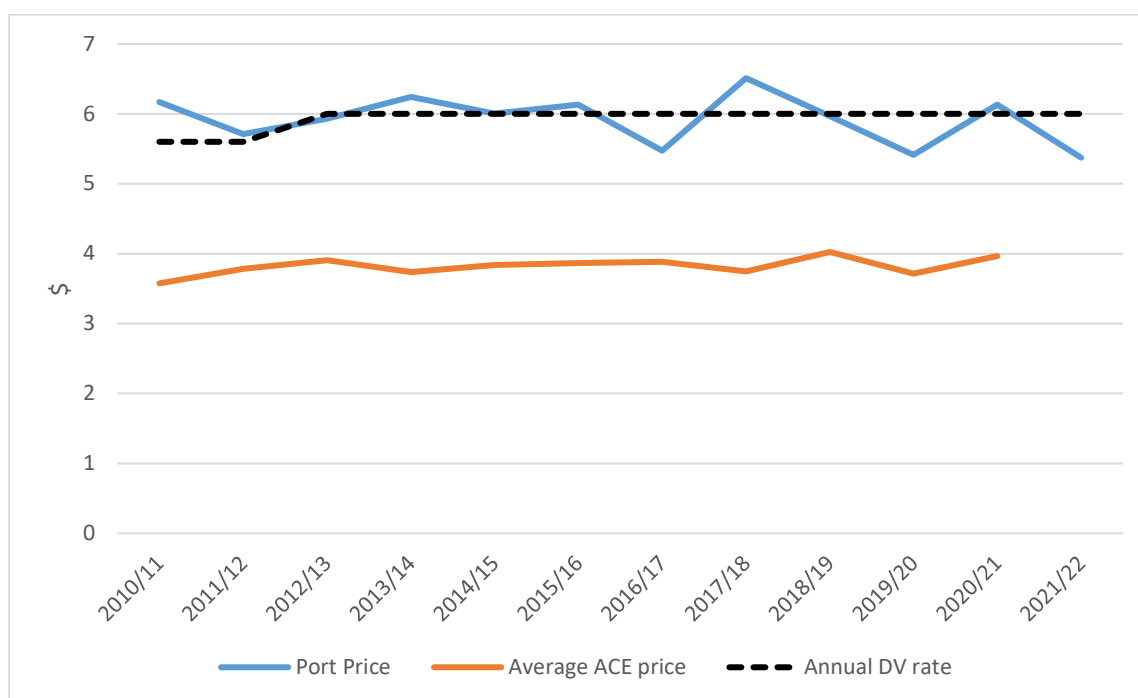


Figure 10: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for SNA 2 since 2010/11.

62. Figure 10 shows that the port price has been at the level of the basic annual deemed value rate since at least 2010/11. The 2012/13 deemed value rate increase is also evident.

63. The proposed deemed value rates for SNA 2 are shown in Table 6 below.

Table 6: Current and proposed deemed value rates (\$/kg) for SNA 2.

Stock	Option	Interim	Annual 100-110%	Differential rates (\$/kg) for excess catch (% of ACE)							
				110-120%	120-130%	130-140%	140-150%	150-160%	160-170%	170-180%	>180%
SNA 2	Current	5.40	6.00	6.75	7.50	8.25	9.00	9.75	10.50	11.25	12.00
	Interim										
	Proposed	4.03	4.48	5.38	6.27	7.17	8.06	8.96			

64. The proposed rates are the same as those for the adjacent SNA 8 stock. In 2021, the Minister reduced the deemed value rates for SNA 8 and noted that it was appropriate to review deemed value rates given the significant improvement in the status of the stock.

65. FNZ considers that the same rationale applies to SNA 2; that it is appropriate to consider review deemed value rates on the basis of information that indicates the biomass of the stock has increased in recent years.

5.4 Trevally (TRE 1) – North Coast North Island

Fishery information

66. The majority of trevally in TRE 1 is taken as by inshore trawlers. Most trawl-caught trevally is taken as target species, with smaller quantities taken as non-target catch by vessels targeting snapper, john dory or tarahiki. The other main fishing method is the target purse seine fishery, which took around one third of the catch during the last five completed fishing years.

- 67. Catch and available ACE are shown in Figure 11 below. Catch has exceeded available ACE once since 2010/11.
- 68. The TACC for TRE 1 has not been reviewed since the stock came into the QMS in 1986. The TRE 1 stock is believed to contain two biological stocks: east Northland to the Hauraki Gulf, and Bay of Plenty. Research has been undertaken recently on the Bay of Plenty stock, which is thought to be part of the same biological stock as trevally in TRE 2. The research indicates that biomass of the Bay of Plenty stock has increased since the mid-1980s and is likely to be above the management target of 40% B_0 .
- 69. Research on the east Northland to Hauraki Gulf biological stock has been contracted and is scheduled for delivery in late 2022. FNZ will then consider the management settings for the TRE 1 stock as a whole.

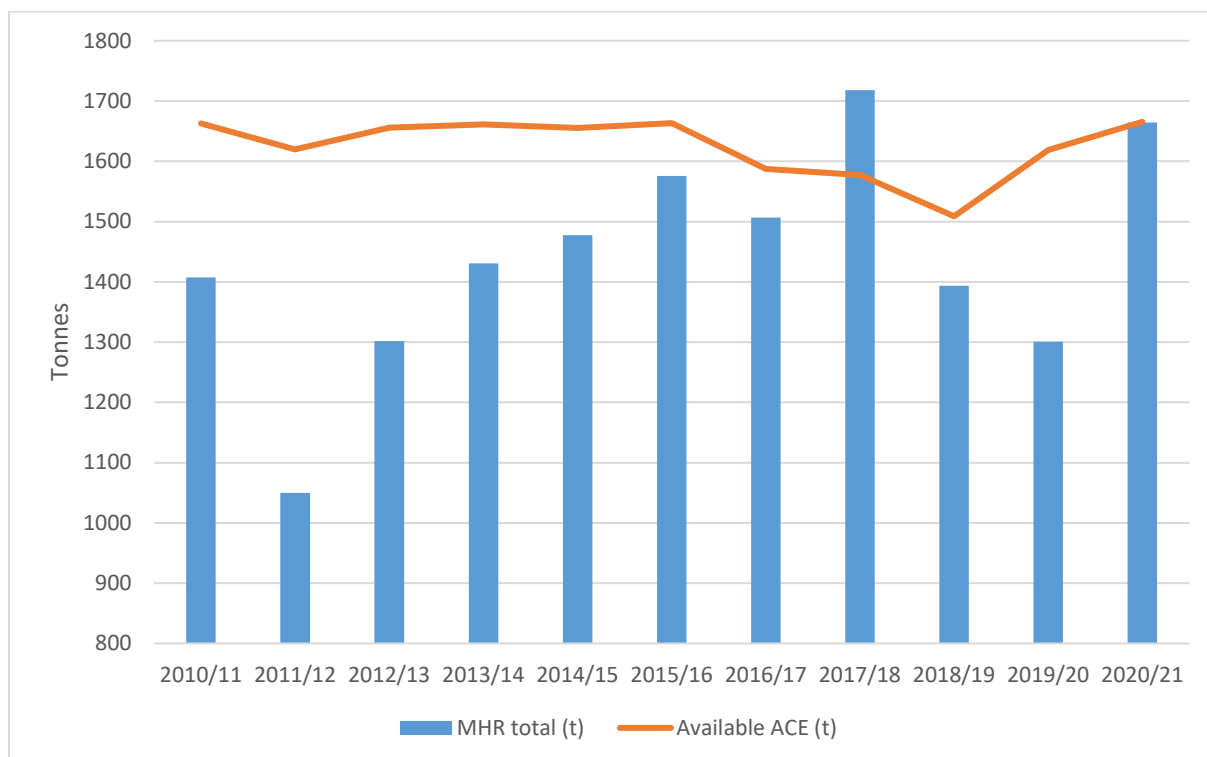


Figure 11: Catch vs available ACE for TRE 1 from 2010/11.

Deemed value rates, port price and ACE price information

- 70. Information on deemed value rates, port price, and average ACE price of TRE 1 is summarised in Figure 12 below.

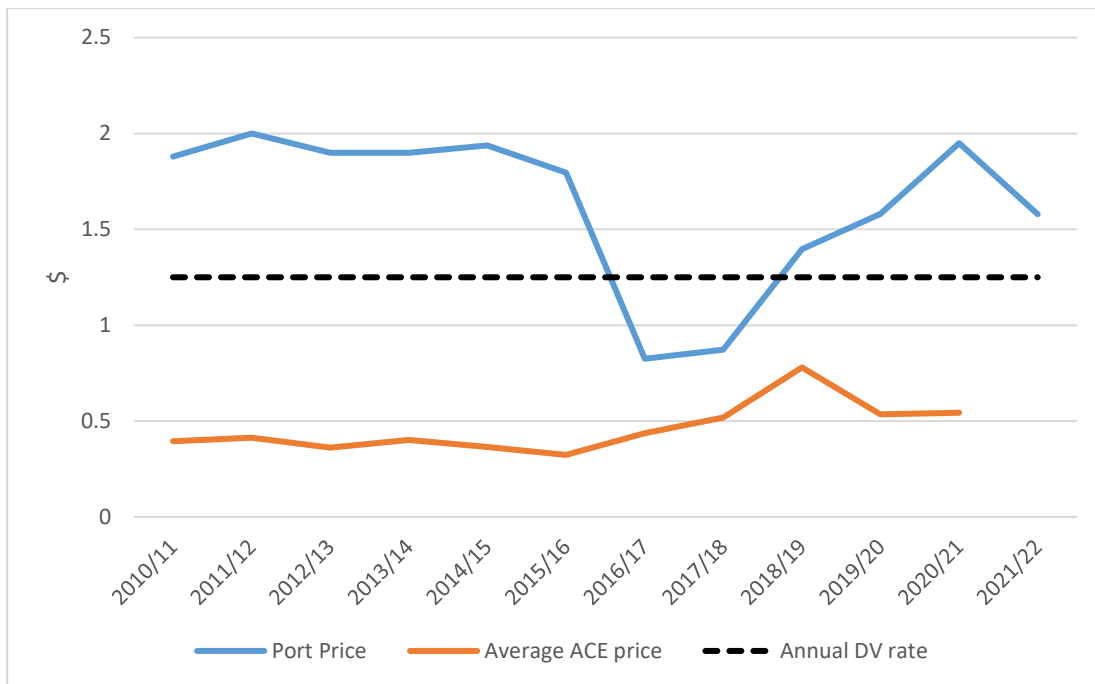


Figure 12: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for TRE 1 since 2010/11.

71. Figure 12 indicates that the port price for TRE 1 has generally increased in recent years (it roughly doubled between 2016/17 and 2021/22). Over this time period the export value has also increased. The average FOB value for the most commonly exported state (frozen whole) for each year since 2016 is shown in Figure 13 below.¹³

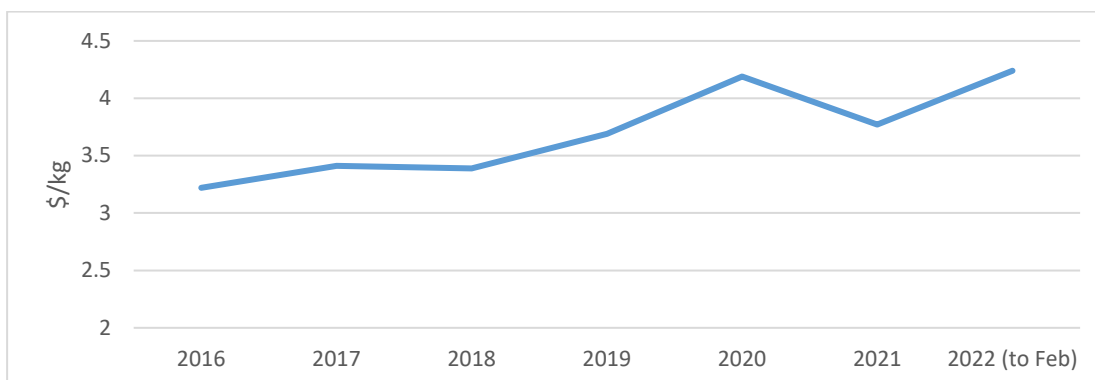


Figure 13: FOB value of trevally (frozen whole) between 2016 and February 2022.

72. The deemed value rates for TRE 1 were last reviewed in 2009. To ensure the appropriate incentives exist for fishers to remain within their ACE holding, FNZ is proposing that the deemed value rates for TRE 1 be increased. The proposed rates are shown in Table 7.

Table 7: Current and proposed deemed value rates (\$/kg) for TRE 1.

Stock	Option	Interim	Annual 100-120%	Differential rates (\$/kg) for excess catch (% of ACE)		
				120-140%	140-160%	>160%
TRE 1	Current	1.13	1.25	2.00	3.00	5.00
	Proposed	1.35	1.50	2.25	3.25	5.25

¹³ FOB refers to 'free on board'. The value of export goods, including raw materials, processing, packaging, storage and transportation up to the point where the goods are about to leave the country as exports.

73. FNZ's proposal is to increase all annual deemed value rates by \$0.25/kg. This would mean the basic annual deemed value rate would rise to \$1.50/kg, which would bring it closer to the current port price of \$1.58/kg.
74. Around three-quarters of trevally in TRE 1 is taken while targeted. FNZ considers that as fishers have a reasonable amount of control over the quantity taken, it is appropriate to retain the existing schedule of differential rates.

6 Fisheries Amendment Bill and On-board cameras

75. The Fisheries Amendment Bill¹⁴, currently before Select Committee, is part of the wider fisheries reform programme. Its goal is to encourage better fishing practices. It aims to update and strengthen New Zealand's fisheries management system. The Bill proposes to change the current rules and policies by:
- (a) tightening commercial fishing rules for landings and discards;
 - (b) creating new rules and regulations for offences and penalties;
 - (c) introducing new mechanisms for commercial and recreational management decision-making;
 - (d) enabling the further use of on-board cameras on vessels; and
 - (e) creating a new defence to help save marine mammals and protected sharks and rays.
76. The Minister recently announced key details of the nationwide rollout of cameras on commercial fishing vessels.¹⁵ It is expected that the independent information they will provide will support the reputation of New Zealand's fishing industry, the sustainability of New Zealand's fisheries and provide for more confident management decisions.
77. The rollout will include vessels that use the following methods:
- Set net vessels (8 metres or larger), surface longline, and bottom longline vessels.
 - Trawlers of 32 metres or less, except those targeting scampi, and danish and purse seine vessels.
78. It is expected that the on-board camera rollout, and the wider Fisheries Amendment Bill, will broadly enhance our understanding of stocks and provide for better verified information to underpin management decisions in future (including decisions on deemed value settings).

7 Questions for submitters on options for adjusting deemed value rates

- Do you support the proposed deemed value adjustments? Why?
 - If you do not support the proposed options, what alternative(s) should be considered? Why?
 - Are there any other stocks that you think should be considered for deemed value rate review?
79. FNZ is seeking information and views from tangata whenua and stakeholders to support the development of final advice to the Minister on the setting of revised deemed value rates for the fishing year commencing 1 October 2022.
80. FNZ notes that it will continue to monitor deemed value settings for all stocks in this paper. If evidence suggests that the deemed value rates are not consistent with the Deemed Value Guidelines, they will be reviewed.

¹⁴ [Fisheries Amendment Bill](#). Ministry for Primary Industries.

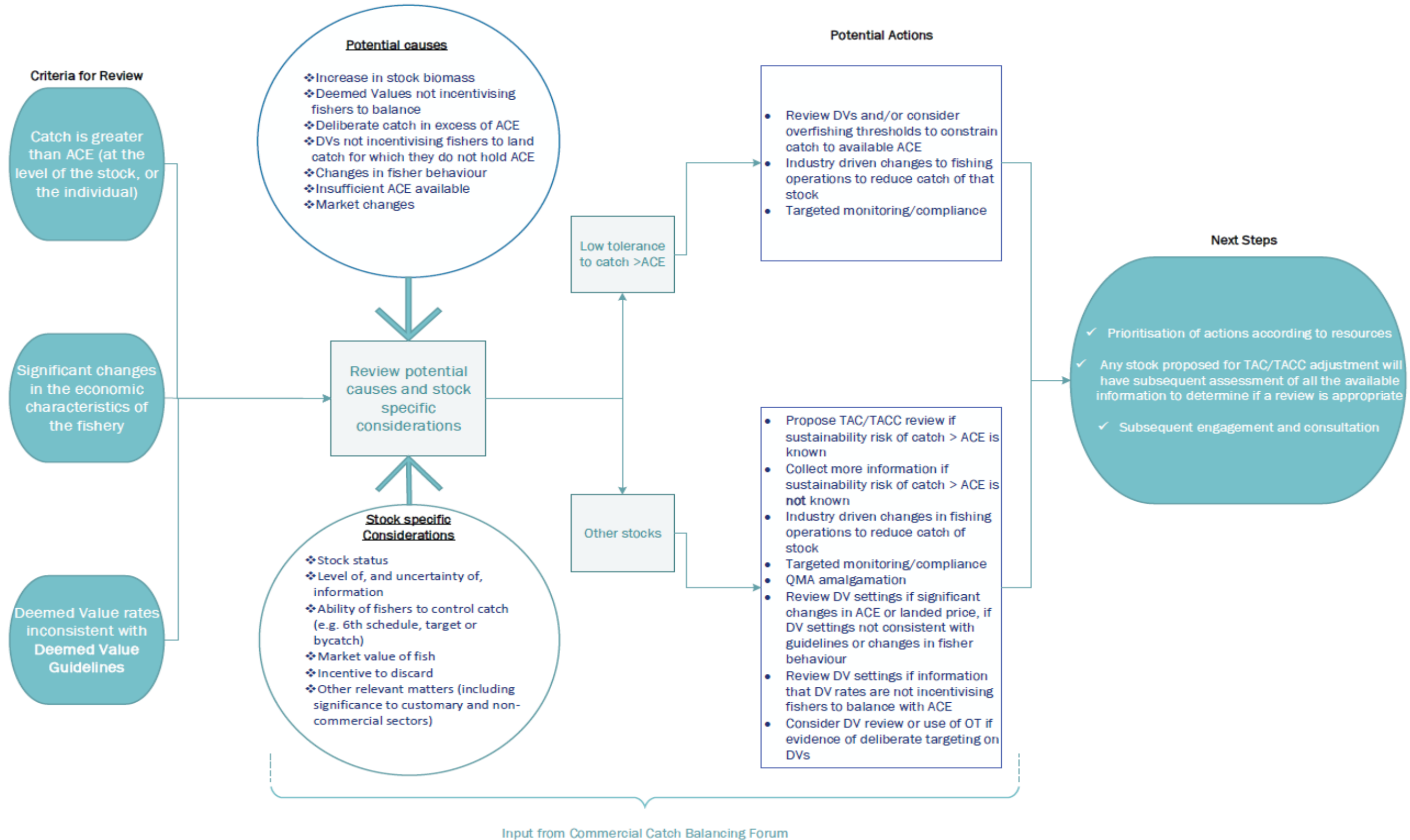
¹⁵ [Rollout of cameras on fishing vessels to begin](#). Honourable David Parker, Minister for Oceans and Fisheries.

8 How to get more information and have your say

81. FNZ invites you to make a submission on the proposals set out in this discussion document. Consultation closes at 5pm on 22 July 2022.
82. Please see FNZ's sustainability consultation webpage (<https://www.mpi.govt.nz/consultations/review-of-sustainability-measures-2022-october-round/>) for related information, a helpful submissions template, and information on how to submit your feedback. If you cannot access to the webpage or require hard copies of documents or any other information, please email FMSubmissions@mpi.govt.nz.

Appendix 1 – Catch Balancing Review Process

Catch Balancing Review Process



Appendix 2 – Quota Management Areas

