



**Fisheries New Zealand**

Tini a Tangaroa

# Review of deemed value rates for selected stocks for 2023/24

Fisheries New Zealand Discussion Paper No: 2023/12

ISBN No: 978-1-991080-79-0 (online)

ISSN No: 2624-0165

**June 2023**



**Te Kāwanatanga o Aotearoa**  
New Zealand Government



# Contents

Page

---

<b>1</b>	<b>Executive summary</b>	<b>1</b>
<b>2</b>	<b>Deemed values regime</b>	<b>2</b>
2.1	Deemed value framework	2
2.2	Legal basis	2
2.3	Types of deemed value rate	3
2.4	Review of the deemed values regime	4
2.5	Deemed Value Guidelines	4
<b>3</b>	<b>Identifying stocks for deemed value rate review</b>	<b>4</b>
<b>4</b>	<b>Input and participation of tangata whenua</b>	<b>5</b>
<b>5</b>	<b>Proposed options</b>	<b>6</b>
5.1	Snapper / tāmure (SNA 8) – West Coast of Northland, Auckland, Taranaki & Wellington	7
5.2	Snapper / tāmure (SNA 7) – West Coast of & top of the South Island	11
5.3	School shark (SCH 5) – Southland and Sub-Antarctic	16
<b>6</b>	<b>Questions for submitters on options for adjusting deemed value rates</b>	<b>20</b>
<b>7</b>	<b>How to get more information and have your say</b>	<b>20</b>
<b>8</b>	<b>Referenced reports</b>	<b>20</b>
<b>9</b>	<b>Appendix 1 – Catch Balancing Review Process</b>	<b>22</b>

# 1 Executive summary

- Deemed values are charges that commercial fishers must pay for every unprocessed kilogram of fish<sup>1</sup> landed in excess of their Annual Catch Entitlement (**ACE**) holdings (\$/kg).<sup>2</sup> Deemed value rates are set by the Minister, by *Gazette* Notice, under section 75 of the Fisheries Act 1996 (**the Act**).<sup>3</sup> By providing incentives for commercial catch to not exceed the available ACE, deemed values are a key component of the catch balancing regime.
- Commercial catch of many fish stocks can be hard to accurately predict, therefore 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).<sup>4</sup>
- The setting of deemed value rates and differential schedules is guided by Fisheries New Zealand's (**FNZ's**) Deemed Value Guidelines.<sup>5</sup> The Guidelines are an operational policy statement used by FNZ to guide the development of advice to the Minister on the setting of deemed value rates, consistent with the Minister's statutory requirements under section 75 of the Act.
- 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.
- Three fish stocks have been prioritised for standalone deemed value rate reviews for the upcoming fishing year starting on 1 October 2023; snapper along the West Coast of the North Island (**SNA 8**), snapper along the top and West Coast of the South Island (**SNA 7**), and school shark across Southland and the Sub-Antarctic (**SCH 5**) (Table 1) (refer to section 5 of this paper for maps of these stocks' quota management areas).

**Table 1: Current and proposed deemed value rates (\$/kg) for selected stocks from 1 October 2023.**

Species	Stock	Current				Proposed				
		Interim \$/kg	Annual \$/kg	Annual at maximum excess \$/kg	Differential	Option	Interim \$/kg	Annual \$/kg	Annual at maximum excess \$/kg	Differential
Snapper	SNA 8	4.03	4.48	8.96 (>200% ACE)	Standard	1	4.68	5.20	10.40 (>200% ACE)	Standard
						2	5.40	6.00	12.00 (>180% ACE)	Special
	SNA 7	5.40	6.00	12.00 (>180% ACE)	Special	1	4.68	5.20	10.40 (>200% ACE)	Standard
						2 ( <i>status quo</i> )	5.40	6.00	12.00 (>180% ACE)	Special
School shark	SCH 5	1.13	1.25	2.50 (>200% ACE)	Standard	1	3.20	3.60	7.20 (>200% ACE)	Standard

<sup>1</sup> Fish being those managed under the Quota Management System.

<sup>2</sup> Annual catch entitlement (ACE) is the right to catch a certain amount of a fish stock during a fishing year. More information about ACE and how it functions can be found at: <https://www.mpi.govt.nz/fishing-aquaculture/commercial-fishing/operating-as-a-commercial-fisher/commercial-fishing-annual-catch-entitlement/>

<sup>3</sup> Section 75 of the Fisheries Act:

[https://www.legislation.govt.nz/act/public/1996/0088/latest/DLM396539.html?search=sw\\_096be8ed81cc21cb\\_75\\_25\\_se&p=1&sr=17](https://www.legislation.govt.nz/act/public/1996/0088/latest/DLM396539.html?search=sw_096be8ed81cc21cb_75_25_se&p=1&sr=17)

<sup>4</sup> Refer to section 2.4 of this paper for more information on these types of deemed value rates.

<sup>5</sup> The Deemed Value Guidelines are available at: <https://www.mpi.govt.nz/dmsdocument/40250-deemed-value-guidelines>

7. These three fish stocks are not subject to catch limit reviews as part of the current October sustainability round. There are 10 other stocks in this sustainability round for which catch limits are being reviewed, and the consultation documents for those stocks also consider 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.<sup>6</sup>
8. FNZ welcomes feedback and submissions on the proposed deemed value rate adjustments for SNA 8, SNA 7, and SCH 5 as outlined in Table 1.

## 2 Deemed values regime

### 2.1 Deemed value framework

9. The Quota Management System (**QMS**)<sup>7</sup> is the backbone of New Zealand's fisheries management regime and includes a total of 642 fish stocks representing 98 species or species groups. Balancing catch against catching rights is key to ensuring the integrity of the QMS.
10. On the first day of each fishing year<sup>8</sup>, all quota owners are allocated ACE, based on their share of quota and the current Total Allowable Commercial Catch (**TACC**). ACE may be freely traded between fishers to balance against catch. Under the catch balancing regime, 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<sup>9</sup> by providing incentives for the overall commercial catch for each QMS stock to remain within the total available ACE.
12. The effectiveness of the incentive to balance catch against ACE is dependent on individual fishers' compliance with landing and reporting requirements, their responses to the incentives provided, and the impact of other incentives such as those created by market conditions.

### 2.2 Legal basis

13. The Act 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/57112> for more information.
14. Section 75(1) of the Act requires the Minister to set interim and annual deemed value rates for all stocks managed under the QMS.
15. When setting deemed value rates, section 75(2)(a) requires the Minister to take into account the need to provide an incentive for every commercial fisher to acquire or maintain sufficient ACE that is not less than the fisher's total catch of each stock taken.
16. Each of the stock-specific sections within this paper set out how FNZ's recommendations are consistent with the Minister's mandatory statutory consideration under section 75(2)(a).
17. Section 75(2)(b) allows the Minister, when setting deemed value rates, to have regard to:

---

<sup>6</sup> October 2023 sustainability round documents are available at: <https://www.mpi.govt.nz/consultations/review-of-sustainability-measures-for-fisheries-october-2023-round>.

<sup>7</sup> For more information on the Quota Management System, go to: <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/fisheries-legislation/quota-management-system/>.

<sup>8</sup> Depending on the stock, fishing years commence 1 October, 1 April, and 1 February.

<sup>9</sup> The Act defines Kaitiakitanga to mean "the exercise of guardianship; and, in relation to any fisheries resources, includes the ethic of stewardship based on the nature of the resources, as exercised by the appropriate tangata whenua in accordance with tikanga Māori", where tikanga Māori refers to Māori customary values and practices.

- The desirability of commercial fishers landing catch for which they do not have ACE;
  - The market value of the stock's ACE;<sup>10</sup>
  - The market value of the stock;<sup>11</sup>
  - 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 any other fish commonly taken in association 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 considered to be relevant.
18. Section 75(3) requires the Minister to set an annual deemed value rate for each stock that is greater than the interim deemed value rate set for that stock.
19. Section 75(4) allows the Minister to set different annual deemed value rates in respect of the same stock which apply to different levels of catch in excess of annual catch entitlement.
20. Further, under section 75(6), when setting either interim or annual deemed value rates, the Minister must not:
- Have regard to the personal circumstances of any individual or class of person liable to pay the deemed value of any fish, aquatic life, or seaweed; or
  - Set separate deemed value rates in individual cases.
21. Before setting any interim or annual deemed value rate, section 75A of the Act requires the Minister to consult, if practicable, persons or organisations to represent classes of persons who have an interest in the stocks concerned, including Māori, recreational, commercial, and environmental interests.
22. Section 5 of the Act also requires all decision makers to exercise powers consistent with the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 (**the Settlement Act**). Section 10 of the Settlement Act requires the Minister to consult with tangata whenua about and develop policies to help recognise use and management practices of Māori in the exercise of non-commercial fishing rights.

## 2.3 Types of deemed value rate

23. 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 invoiced each month for every kilogram of unprocessed fish landed in excess of ACE. If the fisher subsequently sources ACE to cover their catch, the interim deemed value payments are remitted. All interim deemed value rates are currently set at 90% of the basic annual deemed value rate in line with the recommendations in FNZ's Deemed Value Guidelines. Permits are suspended if deemed value debt remains above \$1,000 to incentivise fishers to cover deemed value invoices promptly, rather than delay balancing.
  - **Annual deemed value rates** are invoiced 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 invoiced for all catch in excess of ACE.
  - **Differential deemed value rates** (also known as ramping) are the progressively-increased annual deemed value rates that apply to some stocks as the percentage by which a fisher's catch in excess of ACE also increases. The standard approach, which is set out in the Deemed Value Guidelines, is to increase the annual rate in 20% increments, up to a maximum of 200% of the annual deemed value rate. However, more or less stringent schedules may be applied depending on the specific circumstances of the stock.<sup>12</sup> Differential rates provide fishers with a stronger incentive to remain within their ACE

<sup>10</sup> As a measure of the market value of a stock's ACE, FNZ uses an annual ACE price value that is calculated by FishServe using information supplied as part of registering ACE transfers.

<sup>11</sup> As a measure of a stock's market value, FNZ uses port prices. These are calculated annually via a survey of that collects information on the average price paid by licenced fish receivers to independent fishers from whom they receive fish.

<sup>12</sup> 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.

holding 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

24. 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.<sup>13</sup>

## 2.5 Deemed Value Guidelines

25. 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.
26. 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 incentivise accurate catch reporting;
  3. Differential deemed value rates 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.<sup>14</sup>
27. 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

28. The stocks identified for deemed value rate review as part of this paper were primarily informed through the Catch Balancing Review Process (see summary in [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.
29. 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.
30. The stocks proposed for deemed value rate reviews for 2023 are provided in Table 2 with a summary of the rationale for their review.

---

<sup>13</sup> The final report of the deemed values working group is available online via this link: <https://www.mpi.govt.nz/dmsdocument/40253-deemed-values-working-group-final-report>.

<sup>14</sup> The price for fish landed in the Chatham Islands is generally lower than the price for the same species landed elsewhere because of the higher cost of transporting fish to markets. Therefore, there may be reasons to set different deemed value rates for the Chatham Islands.

**Table 2: Rationale for the 2023 review of standalone deemed value rate adjustments for SNA 8, SNA 7, and SCH 5.**

Species	Stock	Rationale for review
Snapper	SNA 8	<ul style="list-style-type: none"> <li>- Catch exceeded available ACE for the 2021/22 fishing year.</li> <li>- A small upward adjustment to tighten SNA 8 deemed value rates will help to support continued abundance of the stock, through ensuring appropriate incentives for fishers to remain within ACE holdings.</li> <li>- Better align annual deemed value rate with port price (SNA 8 port price increased by around 10% in the last fishing year).</li> </ul>
	SNA 7	<ul style="list-style-type: none"> <li>- Better align annual deemed value rate with SNA 7 ACE and port price.</li> <li>- Align rates with adjacent SNA 8 stock to reinforce incentives for fishers who fish across these stock boundaries to report accurately.</li> </ul>
School shark	SCH 5	<ul style="list-style-type: none"> <li>- Catch exceeded available ACE for the 2021/22 fishing year.</li> <li>- The fishery is rebuilding. Ongoing need to ensure appropriate incentives for fishers to remain within ACE holdings.</li> <li>- Current deemed value rates are lower than neighbouring SCH stocks.</li> </ul>

31. The review of the management settings for the other 10 stocks in the October 2023 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 [FNZ's consultation webpage](#).

## 4 Input and participation of tangata whenua

32. 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 Act<sup>15</sup> and section 12 of the Act.<sup>16</sup> 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.
33. 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.
34. 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.<sup>17</sup>
35. SNA 8 falls within the rohe of Te Hiku o Te Ika (Far North), Mid-North (Kerikeri to Auckland), Te Tai Hauāuru (Taranaki to Titahi Bay) and Ngaa Hapuu o Te Uru o Tainui (West coast of Waikato Tainui) Iwi Fisheries Forums. SNA 7 and SCH 5 fall within the rohe of Te Waka a Māui me Ōna Toka (South Island) Iwi Fisheries Forum, which includes all nine tangata whenua Iwi of Te Wai Pounamu (South Island).
36. To facilitate input and participation, FNZ engages with tangata whenua at Iwi Fisheries Forum hui. The stocks proposed for deemed value reviews were presented at Iwi Fisheries Forum hui held during May 2023, and a summary of the engagement and feedback from these hui is presented below in Table 3.

<sup>15</sup> 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>.

<sup>16</sup> Section 12 of the Fisheries Act 1996 refers to consultation <https://legislation.govt.nz/act/public/1996/0088/latest/DLM395504.html>.

<sup>17</sup> However, FNZ also engages directly with Iwi (outside of Forums) on matters that affect their fisheries interests in their takiwa and consults with any affected Mandated Iwi Organisations and Iwi Governance Entities where needed.

**Table 3: Summary of engagement with Iwi Fisheries Forums on the SNA 8, SNA 7 and SCH 5 deemed value reviews.**

Iwi Fisheries Forum	Engagement on standalone deemed value reviews
Te Hiku o Te Ika (North of Kerikeri)	FNZ provided the Forum with a one-pager on the potential review of the SNA 8 deemed value rates and attended an in-person hui with the Forum on 12 May 2023.  At the hui, Forum members noted that they did not support reviews of stocks for which 28N rights have not been resolved (noting that SNA 8 has associated 28N rights).
Mid-North (Kerikeri to Auckland)	FNZ provided the Forum with a one-pager on the potential review of the SNA 8 deemed value rates and attended an in-person hui with the Forum on 11 May 2023.  The Forum did not have any specific comments on the SNA 8 deemed value review.
Ngaa Hapuu o Te Uru o Tainui (West coast of Waikato Tainui)	FNZ provided the Forum with a one-pager on the potential review of the SNA 8 deemed value rates and attended an in-person hui with the Forum on 9 May 2023.  The Forum did not comment on any of the specific stocks proposed for deemed value adjustments. However, members of the forum commented generally on the current deemed values system, expressing the view that under the current deemed value framework there are inequities between large quota holders/fishing companies and small ACE fishers. A member of the Forum noted that it is easier for the larger operators and quota holders to obtain ACE from other holders, and they have the ability to extract more value from fish where deemed values are paid. It was suggested that non-quota owners should have a separate deemed value allowance with a different set of penalties than quota holders.
Te Tai Hauāuru (Taranaki to Titahi Bay)	Hui not held in May. Fisheries New Zealand plans to engage with the Forum on the SNA 8 deemed value rate review during consultation.
Te Waka a Māui me Ōna Toka (South Island)	Hui not held in May. Fisheries New Zealand plans to engage with the Forum on the SNA 7 and SCH 5 deemed value rate reviews during consultation.

37. FNZ will engage further with Iwi Fisheries Forums during consultation to seek input on the proposed deemed value adjustments. Fisheries New Zealand also welcomes any input and submissions on the options from tangata whenua outside of this planned engagement.

## 5 Proposed options

38. Table 4 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 4: Information to support review of deemed value (DV) rates for SNA 8, SNA 7 and SCH 5.**

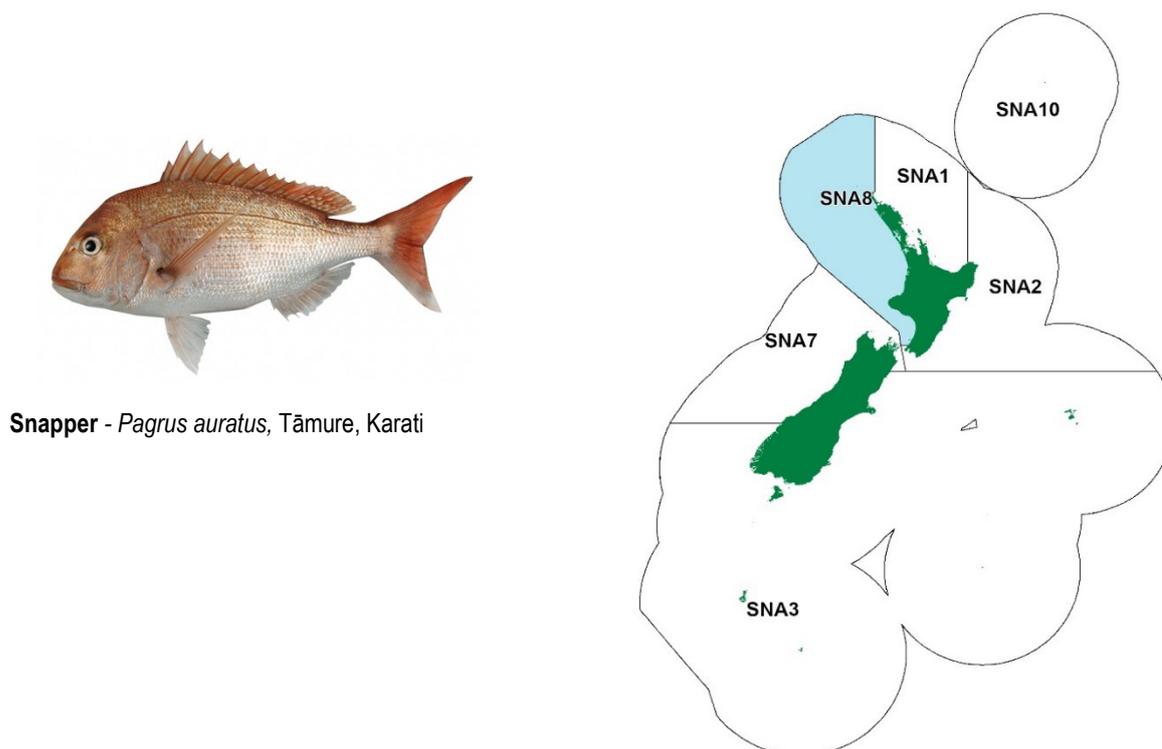
Stock	2021/22 TACC (t)	% ACE caught 2021/22 <sup>18</sup>	Average ACE price \$/kg <sup>19</sup>	Interim DV \$/kg	Annual DV \$/kg	2023/24 Port Price \$/kg <sup>20</sup>
SNA 8	1600	104.83	3.41	4.03	4.48	5.34
SNA 7	450	99.52	3.24	5.40	6.00	4.96
SCH 5	520	104.32	0.79	1.13	1.25	2.59

<sup>18</sup> 2021/22 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.

<sup>19</sup> Average price paid per kg of ACE transferred (exc. GST) during the 2021/22 fishing year (as reported by FishServe). Excludes transfers considered unrepresentative of true ACE price.

<sup>20</sup> This is the port price calculated during 2022/23 for use during the 2023/24 financial year.

## 5.1 Snapper / tāmure (SNA 8) – West Coast of Northland, Auckland, Taranaki & Wellington



Snapper - *Pagrus auratus*, Tāmure, Karati

Figure 1: Quota Management Areas (QMAs) for snapper, with SNA 8 highlighted.

### 5.1.1 Stock information

39. SNA 8 is the second largest snapper fishery in New Zealand. It is highly valued by tangata whenua, recreational and commercial fishers, and the wider community.
40. The commercial fishing fleet that catches SNA 8 is primarily made up of small to mid-size trawl vessels (< 35 metres length), with a small number of Danish seine, bottom longline and set net operators also present. Over the last 10 years approximately 80% of the commercial SNA 8 catch has been taken by trawl.
41. The fishery is characterised as being 'mixed', meaning vessels catching SNA 8 also catch other important inshore species. In the last ten fishing years, approximately 15% of snapper caught was recorded as being the target species. All other snapper was reported as being taken as bycatch. This is likely a function of fishers attempting to avoid snapper due to its high abundance and targeting other species to maximise overall catch with the SNA 8 ACE they have available.
42. The SNA 8 fishery was overfished and heavily depleted in the 1960's and 1970's, prior to its introduction into the QMS, and the stock remained low through the mid 2000's. In 2005, the stock was estimated to be at only 8-12% of unfished biomass. In response to its poor status at that time, cuts were made to the TACC and SNA 8 was put on a stringent deemed value regime to initiate a rebuild of the fishery. The fishery has since seen a substantial increase in abundance. The most recent stock assessment for SNA 8 in 2021 estimated spawning biomass of the stock to be well above Maximum Sustainable Yield<sup>21</sup>, at around 54% of  $B_0$ .<sup>22</sup>

<sup>21</sup> The default management target used to proxy MSY for SNA 8 is 40% of unfished biomass ( $B_0$ ). However, in 2021 the Minister indicated an intention for the SNA 8 stock to be managed at a higher level of abundance above MSY. More information on this can be found in the Minister's 2021 decision letter at: <https://www.mpi.govt.nz/dmsdocument/47620-The-Decision-letter-Minister-for-Oceans-and-Fisheries>

<sup>22</sup> Fisheries New Zealand (2023) – May 2023 Fisheries Assessment Plenary, Accessible at: <https://www.mpi.govt.nz/science/fisheries-science-research/about-our-fisheries-research>

43. In response to the stock's improved status and high abundance, from 1 October 2021 the TACC was increased from 1300 tonnes to 1600 tonnes and the deemed value schedule was changed to a standard and less stringent regime.
44. Catch of SNA 8 and available ACE is shown below for the period since 2011/12 (Figure 2). It shows that since 2011/12 catch remained consistently around the level of available ACE, but in 2021/22 following the TACC increase and deemed value regime change, catch exceeded available ACE.

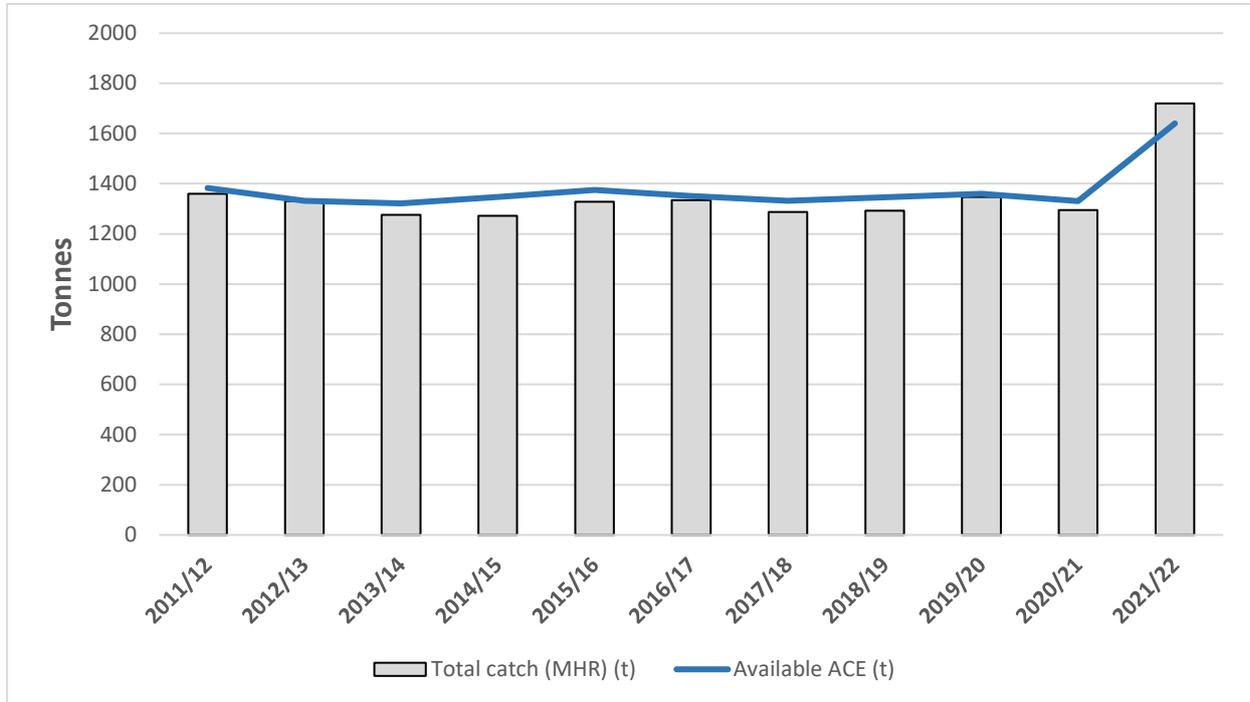


Figure 2: Commercial catch vs available Annual Catch Entitlement (ACE) for SNA 8 from 2011/12 to 2021/22.

### 5.1.2 Basic annual deemed value rate, port price, and ACE price information

45. Information on deemed value rates, port price, and average ACE price for SNA 8 is summarised in Figure 3 below.

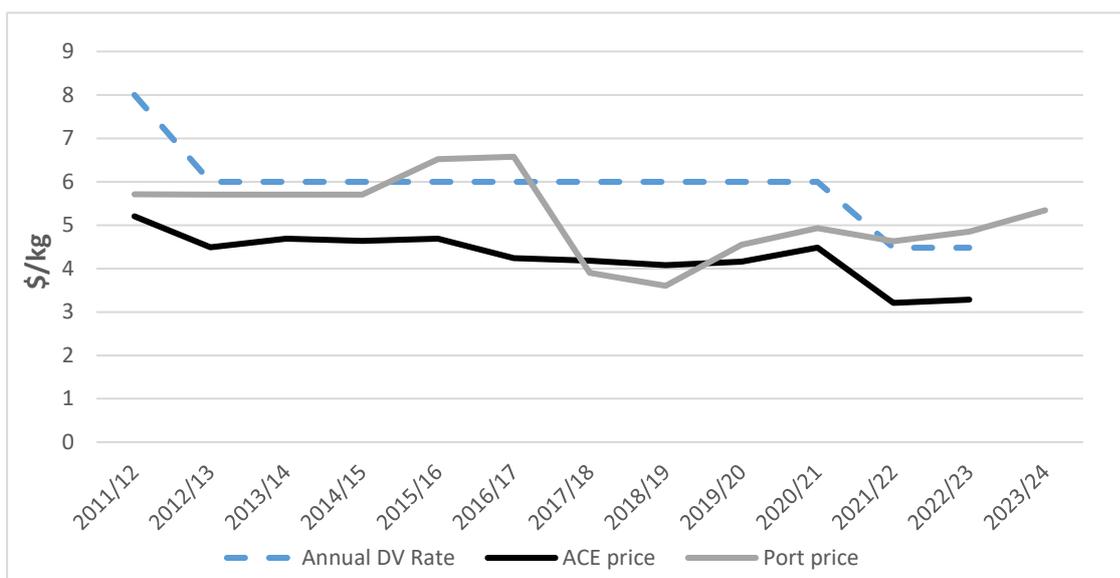


Figure 3: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for SNA 8 since 2011/12. Note that the average ACE transfer price for 2022/23 is based on a smaller sample size given that the fishing year is not yet complete.

46. Figure 3 shows that the basic annual deemed value rate of SNA 8 has remained consistently above the average ACE price over the last decade.
47. Average port price for SNA 8 fluctuated over the period, but in most years remained lower than the annual deemed value rate. The deemed value rates remained high over this period in recognition that there needed to be strong incentives for commercial fishers to stay within ACE holdings to support the rebuild of the fishery from its previously depleted state.
48. When the deemed value schedule was last reviewed for 2021/22, the annual deemed value rate for SNA 8 was lowered from \$6.00/kg (for 100-105% catch of ACE) to \$4.48/kg (for 100-120% catch of ACE), and the differential schedule was also lowered and put on a standard regime. Since the change, the SNA 8 basic annual deemed value rate has remained below the port price and above the ACE price.

### 5.1.3 Proposed adjustment and rationale

49. In a decision letter in 2021<sup>23</sup>, the then Minister for Oceans and Fisheries requested that FNZ closely monitor deemed value payments for SNA 8, and noted that a further review should be undertaken if there was an excessive use of deemed values. As catch of SNA 8 in 2021/22 exceeded available ACE by about 5% (~ 80 t), FNZ considers there is sufficient rationale to review a further adjustment for 2023 in line with the intention expressed by the Minister in 2021.
50. FNZ recognises that the SNA 8 stock is still experiencing high abundance and the deemed value rates were moved to a less stringent regime from 2021 to better reflect the improved state of the fishery. Fisheries New Zealand is not proposing to return the stock to the previous stringent differential rates. However, FNZ considers that a further upward adjustment to the deemed value schedule will help to encourage commercial fishers to avoid higher levels of excess catch and to ensure there are appropriate incentives for fishers to remain within ACE holdings.
51. FNZ is proposing two options to adjust the deemed value rates of SNA 8 from October 2023. These options are outlined below in Table 5.

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

Stock	Option	Interim (\$/kg)	Annual 100-120% (\$/kg)	Differential rates (\$/kg) for excess catch (% of ACE)							
				120-140%	140-160%	160-180%	180-200%	>200%			
SNA 8	Current SNA 8 DV rates	4.03	4.48	5.38	6.27	7.17	8.06	8.96			
	1	4.68	5.20	6.24	7.28	8.32	9.36	10.40			
		Interim (\$/kg)	Annual 100-110% (\$/kg)	Differential rates (\$/kg) for excess catch (% of ACE)							
	2 (Current SNA 7 rates)	5.40	6.00	110-120%	120-130%	130-140%	140-150%	150-160%	160-170%	170-180%	> 180%
				6.75	7.50	8.25	9.00	9.75	10.50	11.25	12.00

52. Option 1 proposes a modest increase in the annual deemed value rate, which would align with the recent increase in the port price observed for SNA 8 (and to a lesser extent SNA 7). The standard differential schedule would be retained under this option, but rates would increase in line with the annual rate increase.

<sup>23</sup> Available at: <https://www.mpi.govt.nz/dmsdocument/47620-The-Decision-letter-Minister-for-Oceans-and-Fisheries>.

53. Option 2 proposes a larger increase to the annual and interim deemed value rates compared with Option 1 and would also change the differential schedule to a special regime with higher rates for excess catch of ACE.
54. The deemed value rates under Option 2 would align SNA 8 rates with the current rates of the adjacent SNA 7 stock (West Coast and Top of the South Island). This would reinforce incentives for fishers who fish across these stock boundaries to report accurately.
55. FNZ considers that both options would provide better incentives for commercial fishers to acquire or maintain sufficient ACE to cover catches of SNA 8 compared with the current settings.
56. Option 1 would be less punitive than Option 2 and would place more weight on the current positive status of the stock and low sustainability risk associated with low levels of excess catch. As the annual deemed value rate would be set just below the port price, there would be more certainty under Option 1 that commercial fishers would balance and accurately report catch. However, there is also a greater risk that these rates may not be high enough to disincentivise catches in excess of ACE.
57. Option 2 would more strongly enforce incentives for fishers to balance catch with ACE and help to ensure that excess catches are avoided, but could also be considered unnecessarily punitive given the low sustainability risk posed by low levels of catch in excess of ACE.
58. Because the annual deemed value rate would be set higher above the port price, Option 2 also poses a higher risk of inaccurate catch reporting. However, FNZ notes that there is a relatively low risk of inaccurate catch reporting in SNA 8. While observer coverage in SNA 8 is low (6% for the 2021-22 fishing year based on event level data<sup>24</sup>), the fishery has a high level of monitoring from camera coverage (inshore trawl vessels in this area were prioritised for camera rollout due to the risk posed to protected species).<sup>25</sup>
59. FNZ welcomes feedback and submissions on these proposed options, or any alternatives.

#### 5.1.4 Assessment against statutory criteria

60. The two options proposed for SNA 8 both intend to increase deemed value rates to provide better incentives for commercial fishers to acquire or maintain sufficient ACE to cover their catch of SNA 8. This is consistent with the Minister's mandatory consideration for setting deemed values under section 75(2)(a) of the Act.
61. As noted under the legal context section of this paper, section 75(2)(b) of the Act lists matters that the Minister may have regard to when setting interim or annual deemed value rates. Fisheries New Zealand refers to these as 'permissible statutory considerations'.
62. Table 6 below provides a summary of the permissible statutory considerations that FNZ considers are relevant to the proposed deemed value adjustments for SNA 8.

**Table 6: Summary of statutory considerations directly relevant to the proposed deemed value changes for SNA 8.**

Permissible statutory considerations	Relevant to proposed SNA 8 DV changes
Desirability of commercial fishers landing catch for which they do not have ACE (s 75(2)(b)(i)).	✓
Market value of the ACE for the stock (s 75(2)(b)(ii)).	-
Market value of the stock (s 75(2)(b)(iii)).	✓
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 any other fish commonly taken in association with the fish.	-

<sup>24</sup> This coverage is calculated based on fishing events (individual tows, sets or shots) in which the fish stock was recorded as caught and an observer was on board. This metric does not reflect the overall level of monitoring in the fishery.

<sup>25</sup> Information on the timeline for on-board cameras can be found at: <https://www.mpi.govt.nz/fishing-aquaculture/commercial-fishing/fisheries-change-programme/on-board-cameras-for-commercial-fishing-vessels/#timeline>.

Extent to which catch of that stock has exceeded or is likely to exceed TACC for that stock in any year (s 75(2)(b)(v))	✓
Any other matters considered relevant (s 75(2)(b)(vi)).	✓

63. Recognising that fishers may land catch for which they are unable to acquire ACE is something that the Minister may have regard to under section 75(2)(b)(i) (desirability of fisher's landing catch for which they do not have ACE).
64. FNZ acknowledges that due to recent increase in abundance observed for SNA 8, fishers may land more catch for which they are unable to acquire ACE. While this is not desirable, it is also important that fishers are incentivised to remain within ACE holdings to support continued abundance of the stock through adherence to the catch limits set by the Minister in 2021.
65. FNZ also considers that the market value (port price) of SNA 8 is something that the Minister may have regard to under section 75(2)(b)(iii). Option 1 proposes to set the annual deemed value rate close to the recent market value (port price) to retain ongoing incentives for fishers to accurately report catch and balance it with available ACE, while Option 2 proposes to set the annual rate above market value and apply a more stringent differential schedule above port price to strengthen incentives to avoid excess catch.
66. The Minister may also have regard to the extent to which catch of SNA 8 has exceeded or is likely to exceed TACC in any year under section 75(2)(b)(v). Fisheries New Zealand notes that both options proposed in this paper carry a lower risk of the TACC being exceeded compared with the current rates. Of the options proposed, Option 2 proposes the highest rates and therefore carries the lowest risk of the TACC being exceeded.
67. The alignment of SNA 8 deemed value rates with the rates of SNA 7 is something the Minister may also have regard to under section 75(2)(b)(vi) (any other matters considered relevant). This alignment is discussed further below in relation to proposed deemed value adjustments for SNA 7. The options for SNA 7 presented below are the same as for SNA 8 and it should be noted that the rates for SNA 7 and SNA 8 would only be aligned if the Minister decides to implement Option 1 or Option 2 for both stocks, or a different set of rates that applies to both stocks.

## 5.2 Snapper / tāmure (SNA 7) – West Coast of & top of the South Island



**Snapper** - *Pagrus auratus*, Tāmure, Karati

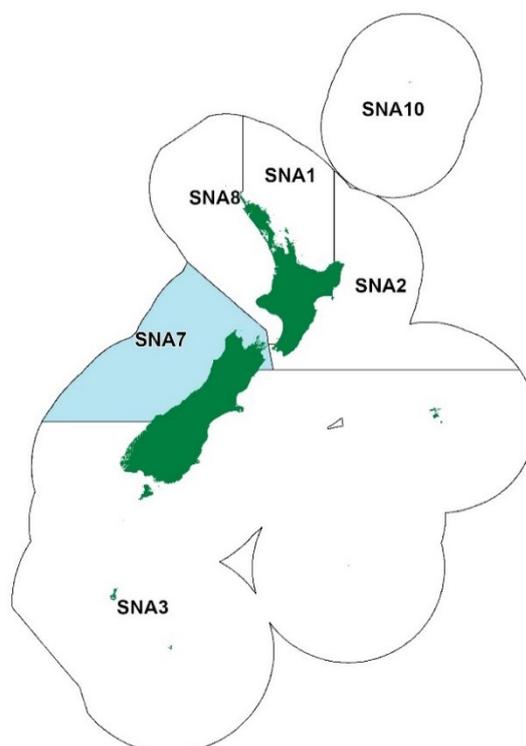
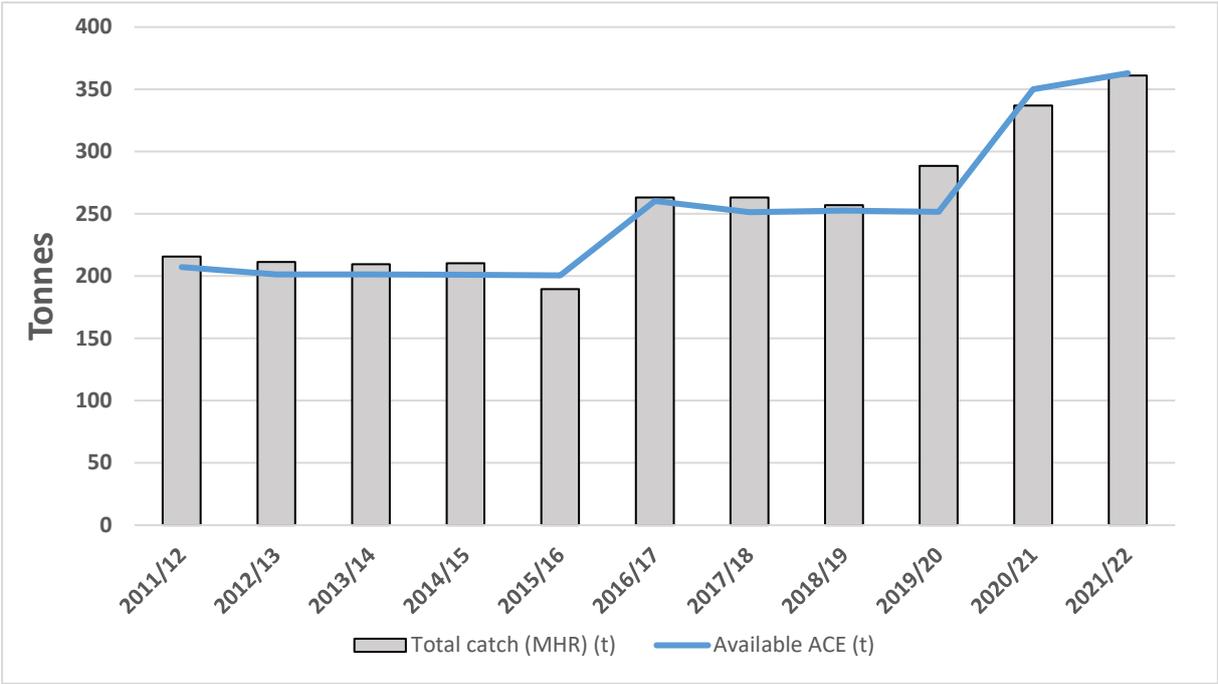


Figure 4: Quota Management Areas (QMAs) for snapper, with SNA 7 highlighted.

5.2.1 Stock information

- 68. SNA 7 is a shared snapper fishery that is highly valued by tangata whenua, recreational fishers, commercial fishers, and the wider community.
- 69. Commercially SNA 7 is predominantly harvested via inshore bottom trawling, concentrated within Tasman and Golden bay. Over the past decade or so commercial catch of snapper has also been increasing along the top of the west coast of the South Island as the distribution of snapper extends further south.<sup>26</sup>
- 70. Like SNA 8, the SNA 7 fishery is 'mixed'. The inshore trawl fisheries operating in FMA 7 take snapper both as target catch and as bycatch alongside a variety of other species including flatfish, red cod, gurnard, tarakihi, barracouta, and blue warehou. Since 2013/14, most (> 80%) of the snapper catch has been taken as a bycatch of those fisheries.<sup>26</sup> As with SNA 8, the large proportion reported as being taken as bycatch is likely a function of fishers attempting to avoid snapper and targeting other species to maximise overall catch with the SNA 7 ACE they have available.
- 71. The SNA 7 stock was heavily fished in the 1970's and 1980's, leading to its depletion. Biomass was at an historical low level in the early 2000's then increased substantially from 2009 (moving from below the hard limit of 10% unfished biomass ( $B_0$ )) to above the default target of 40%  $B_0$  by around 2015). The initial increase was due to the recruitment of several strong year classes in the fishery. The fishery has since continued to increase in abundance and its most recent assessment in 2022 determined that the stock is very likely to be at or above the target, with biomass in 2020-21 estimated to be 63%  $B_0$ .<sup>26</sup>
- 72. In response to the stock's improved status and high abundance, the catch limits have been regularly reviewed and increased incrementally in line with abundance. Following management reviews the TACC was increased from 200 to 250 tonnes in 2016, from 250 tonnes to 350 tonnes in 2020, and from 350 to 450 tonnes in 2022. The deemed value regime for SNA 7 has not changed over this time (last changed in 2012).
- 73. Catch of SNA 7 and available ACE is shown below for the period since 2011/12 (Figure 5). It shows that since 2011/12 catch remained consistently around the level of available ACE.



<sup>26</sup> Fisheries New Zealand (2023) – [May 2023 Fisheries Assessment Plenary](#).

Figure 5: Commercial catch vs available Annual Catch Entitlement (ACE) for SNA 7 from 2011/12 to 2021/22.

## 5.2.2 Basic annual deemed value rate, port price, and ACE price information

74. Information on deemed value rates, port price, and average ACE price for SNA 7 is summarised in Figure 6 below.

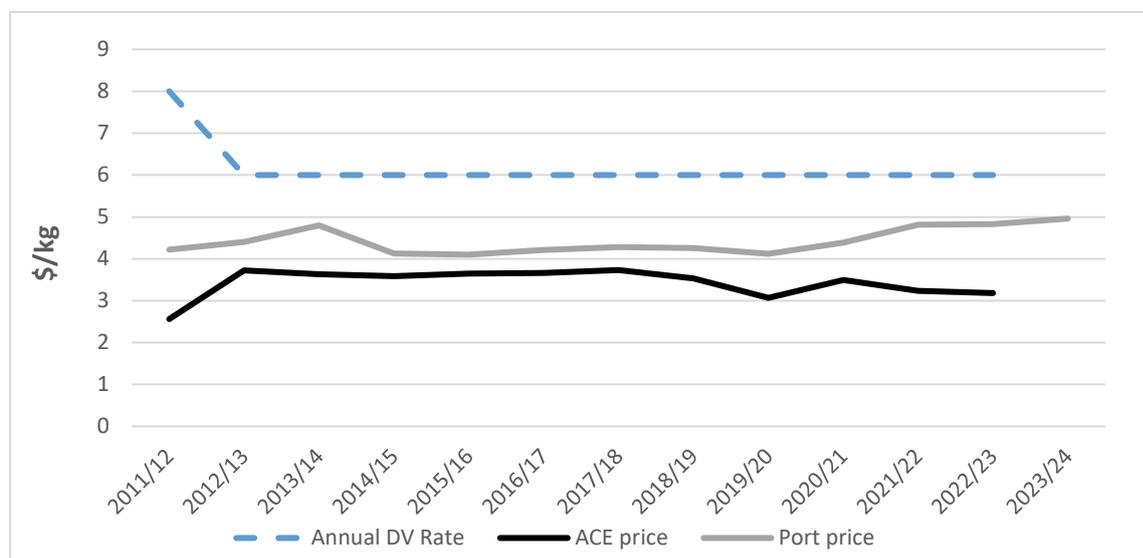


Figure 6: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for SNA 7 since 2011/12. Note that the average ACE transfer price for 2022/23 is based on a smaller sample size given that the fishing year is not yet complete.

75. Figure 6 shows that the basic annual deemed value rate of SNA 7 has remained consistently above the average ACE price and port price over the last decade.
76. The deemed value rates were initially set at a high level (above port price) and have remained high over this period to provide strong incentives for commercial fishers to stay within ACE holdings to support the stock in rebuilding from the depleted levels observed in the prior decade.
77. When the deemed value schedule was last reviewed for 2012/13, the annual deemed value rate for SNA 7 was lowered from \$8.00/kg to \$6.00/kg (both for 100-110% catch of ACE), and the special differential schedule was slightly loosened (lowered from \$16.00/kg at maximum excess to \$12.00/kg at maximum excess).

## 5.2.3 Proposed adjustment and rationale

78. As noted above under the 'stock information' section, there are strong parallels between the SNA 7 and SNA 8 stocks in terms of their current stock statuses and trajectories. The stocks also have similar port prices (\$5.34/kg for SNA 8 and \$4.96/kg for SNA 7). However, the deemed value rates of SNA 7 are currently higher than those for SNA 8.
79. FNZ is proposing that the deemed value rates of SNA 7 are aligned with the rates of SNA 8 to reinforce incentives for fishers who fish across these stock boundaries to report accurately.
80. FNZ is therefore proposing the same deemed value rate options for SNA 7 (Table 7) as the options proposed above for SNA 8 (Table 5). Note that these two options for SNA 7 are presented in the same order as for SNA 8 above for easier comparison (i.e., options 1 and 2 for SNA 7 is the same as options 1 and 2 for SNA 8).

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

Stock	Option	Interim (\$/kg)	Annual 100-120% (\$/kg)	Differential rates (\$/kg) for excess catch (% of ACE)							
				120-140%	140-160%	160-180%	180-200%	>200%			
SNA 7	1	4.68	5.20	6.24	7.28	8.32	9.36	10.40			
		Interim (\$/kg)	Annual 100-110% (\$/kg)	Differential rates (\$/kg) for excess catch (% of ACE)							
				110-120%	120-130%	130-140%	140-150%	150-160%	160-170%	170-180%	> 180%
	2 (Current SNA 7 rates)	5.40	6.00	6.75	7.50	8.25	9.00	9.75	10.50	11.25	12.00

81. Option 1 proposes a modest decrease in the basic annual deemed value rate of SNA 7 which aligns with Option 1 (an increase) for SNA 8. This option would also move SNA 7 from its current special differential schedule to a standard schedule.
82. Option 2 proposes to retain the current deemed value regime for SNA 7, and would maintain its special differential schedule. This option would align with Option 2 for SNA 8.
83. Both options, if aligned with the options for SNA 8 above, would reinforce incentives for fishers who fish across these stock boundaries to report accurately.
84. FNZ considers that both options would provide appropriate incentives for commercial fishers to acquire or maintain sufficient ACE to cover catches of SNA 7. Option 1 is a less punitive regime than Option 2 and would place more weight on the current positive status of the stock and low sustainability risk associated with low levels of excess catch. The annual deemed value rate would be set lower under Option 1, but would remain slightly above the port price.
85. Since the annual deemed value rate would be closer to the port price under Option 1, there would be more certainty that commercial fishers balance and accurately report catch. However, there is also a higher risk that the rates may not be set high enough to disincentivise catches in excess of ACE.
86. The current rates of SNA 7 (i.e. Option 2) would more strongly enforce incentives for fishers to balance catch with ACE and help to ensure that excess catches are avoided. However, the annual deemed value rate under Option 2 is set higher above the port price, which may pose a higher risk of inaccurate catch reporting.
87. FNZ notes that observer coverage is currently negligible for SNA 7, averaging below 5% over the last five fishing years based on event level data.<sup>27</sup> However, cameras are planned to be rolled out for inshore trawl vessels in this area throughout 2023 and 2024 and this will support improved levels of monitoring and verification of accurate catch reporting in SNA 7.<sup>28</sup>
88. FNZ welcomes feedback and submissions on these proposed options for SNA 7, or any alternatives.

#### 5.2.4 Assessment against statutory criteria

89. FNZ considers that both options proposed for SNA 7 take into account the need to provide an incentive for every commercial fisher to acquire or maintain sufficient ACE to cover catch, consistent with the Minister's mandatory consideration for setting deemed values under section 75(2)(a) of the Act.
90. Table 8 below provides a summary of the permissible statutory considerations that FNZ considers are relevant to the proposed deemed value adjustments for SNA 7.

<sup>27</sup> This coverage is calculated based on fishing events (individual tows, sets or shots) in which the fish stock was recorded as caught and an observer was on board. This metric does not reflect the overall level of monitoring in the fishery.

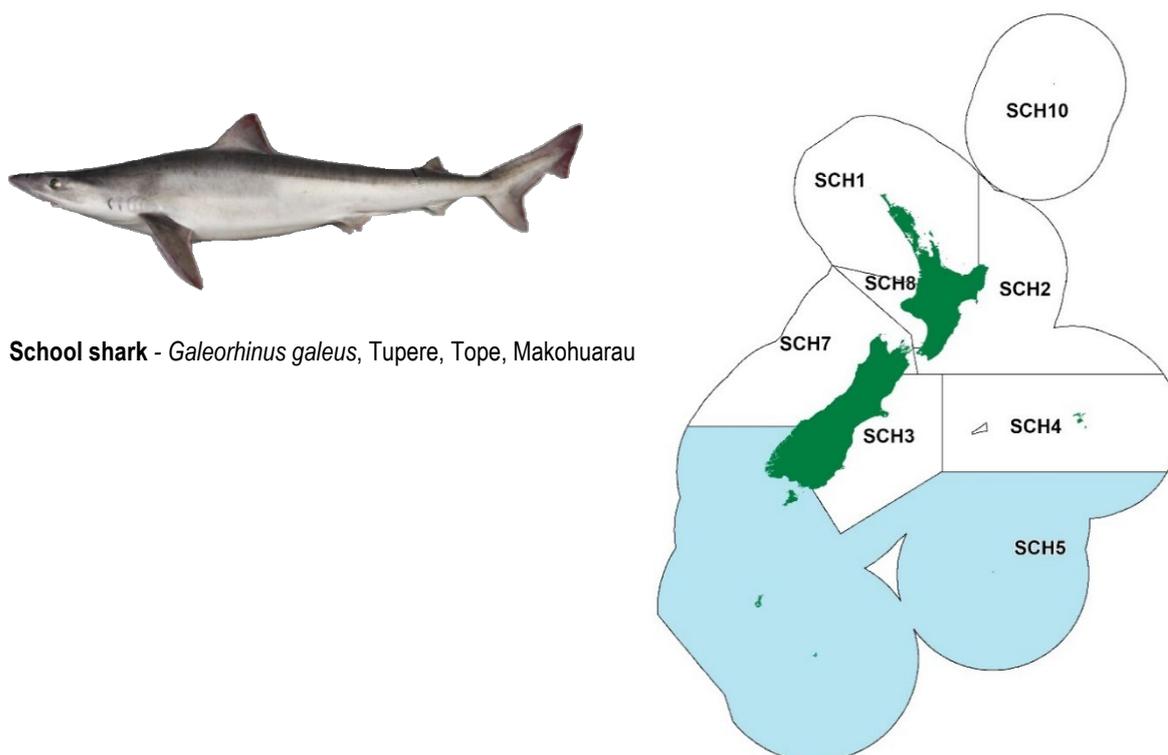
<sup>28</sup> Information on the timeline for on-board cameras can be found at: <https://www.mpi.govt.nz/fishing-aquaculture/commercial-fishing/fisheries-change-programme/on-board-cameras-for-commercial-fishing-vessels/#timeline>.

**Table 8: Summary of statutory considerations directly relevant to the proposed deemed value changes for SNA 7.**

Permissible statutory considerations	Relevant to proposed SNA 7 DV changes
Desirability of commercial fishers landing catch for which they do not have ACE (s 75(2)(b)(i)).	✓
Market value of the ACE for the stock (s 75(2)(b)(ii)).	-
Market value of the stock (s 75(2)(b)(iii)).	✓
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 any other fish commonly taken in association with the fish.	-
Extent to which catch of that stock has exceeded or is likely to exceed TACC for that stock in any year (s 75(2)(b)(v))	✓
Any other matters considered relevant (s 75(2)(b)(vi)).	✓

91. Recognising that fishers may land catch for which they are unable to acquire ACE is something that the Minister may have regard to under section 75(2)(b)(i) (desirability of fisher's landing catch for which they do not have ACE).
92. As abundance of SNA 7 has recently increased and is observed to still be increasing, the risk of commercial fishers exceeding their ACE will have also increased. While this is not desirable there remains a need for the deemed value rates to be set at a level that requires fishers to acquire ACE to cover catch and/or adjust fishing practises to avoid over-catch. It is also noted that the TACC of SNA 7 has been increased incrementally over recent years (from 200 tonnes to 450 tonnes since 2016) and this should have helped to mitigate the risk of fishers being unable to acquire ACE to cover catch.
93. The market value (port price) of SNA 7 is something that the Minister may have regard to under section 75(2)(b)(iii). Both Option 1 and Option 2 (*status quo*) would set the annual deemed value rate of SNA 7 above the level of port price. However, Option 1 would set the rate lower and closer to port price, which may increase incentives for fishers to accurately report catch and balance it with available ACE.
94. The Minister may also have regard to the extent to which catch of SNA 7 has exceeded or is likely to exceed TACC in any year under section 75(2)(b)(v). Fisheries New Zealand notes that under Option 2 for SNA 7 (the *status quo*), catches have remained close to the TACC, and in years where catch has exceeded ACE, the excess quantities have been low (Figure 5). As Option 1 proposes to lower deemed value penalties, it may carry a higher risk of the TACC being exceeded compared with the current rates. However, FNZ considers this risk is not high given that the annual deemed value rate would still be set higher than the stock's recent port price and differential schedules apply.
95. The alignment of SNA 8 and SNA 7 deemed value rates as proposed by the alignment of Option 1 or Option 2 across both stocks is something the Minister may also have regard to under section 75(2)(b)(vi) (any other matters considered relevant). As noted above, aligning these rates would reinforce incentives for fishers who fish across these stock boundaries to report accurately.

### 5.3 School shark (SCH 5) – Southland and Sub-Antarctic



School shark - *Galeorhinus galeus*, Tupere, Tope, Makohuarau

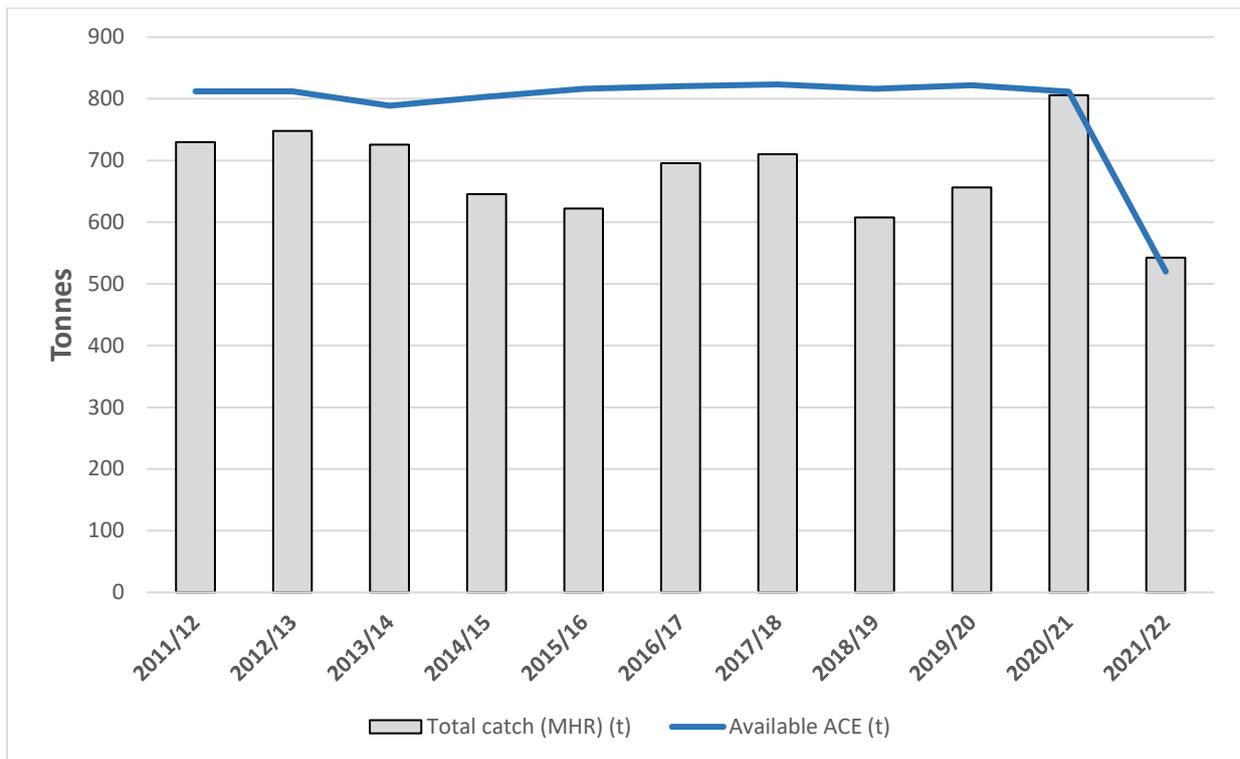
Figure 7: Quota Management Areas (QMAs) for school shark, with SCH 5 highlighted.

#### 5.3.1 Fishery information

96. SCH 5 supports the largest school shark target fishery in New Zealand. In this fishery school shark are mostly caught by setnet (81%) as target catch, with a small amount caught as bycatch in setnets targeting rig. About 10% are taken by bottom longline, primarily targeting school shark, hāpuku/bass and ling, and 8% by bottom trawl primarily targeting squid, stargazer and ling.<sup>29</sup>
97. School shark are likely a single biological stock in New Zealand. However, fisheries characterisations and catch per unit effort (CPUE) analyses monitor school shark at a quota management area scale, with SCH 5 and the lower part of SCH 3 a combined monitoring unit using standardised setnet CPUE.<sup>29</sup>
98. The standardised setnet CPUE for lower SCH 3 & SCH 5 has shown a long and gradual declining trend since 2005. The most recent assessment in 2021 determined that SCH 5 was unlikely to be at or above the target, as likely as not to be below the soft limit, and likely to be overfished. In response to the decline, from October 2021 the TACC of SCH 5 was cut from 743 to 520 tonnes (30%). This catch limit reduction is intended to help the stock rebuild back towards the management target within an appropriate period (proposed as 20 years based on the biological characteristics of school shark).<sup>30</sup>
99. The next CPUE update for SCH 5 is scheduled for 2023/24 and a further stock status assessment is scheduled for 2024.<sup>29</sup>
100. Catch of SCH 5 and available ACE is shown below for the period since 2011/12 (Figure 8). It shows that since 2011/12 catch has remained below the level of available ACE, except in 2021/22 following the TACC decrease, where catch exceeded available ACE by a total of about 4% (22 tonnes).

<sup>29</sup> Fisheries New Zealand (2023) – [May 2023 Fisheries Assessment Plenary](#).

<sup>30</sup> Full decision document available at: <https://www.mpi.govt.nz/dmsdocument/47617-Review-of-Sustainability-Measures-for-the-2021-October-round-Decision-paper>. Pages 257-272.



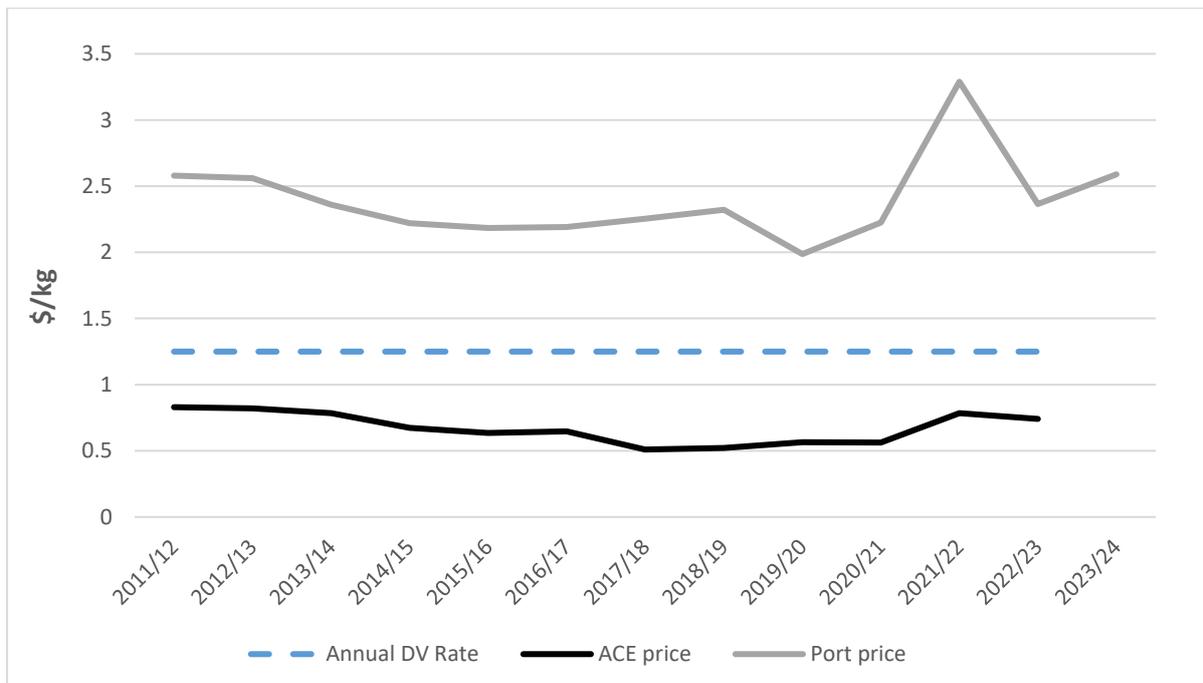
**Figure 8: Commercial catch vs available Annual Catch Entitlement (ACE) for SCH 5 from 2011/12 to 2021/22.**

101. While the majority of SCH 5 is caught in the Southland setnet fishery, FNZ notes that a significant portion (>80%) of deemed values incurred for catch in excess of ACE in 2021/22 was from bottom longline fishers landing SCH 5 as bycatch.
102. Bottom longline fishers can release school sharks if they are determined likely to survive.<sup>31</sup> However, some bottom longline fishers landing SCH 5 have informed FNZ that they have chosen to land school sharks and pay deemed values because they determined that the sharks were unlikely to survive and could not source ACE to cover the catch. They also noted that due to the inability to cover catch with ACE, they have often moved to different areas after catching them to avoid catching more.

### 5.3.2 Deemed value rates, port price, and ACE price information

103. Information on deemed value rates, port price, and average ACE price of SCH 5 is summarised in Figure 9 below.

<sup>31</sup> This was previously specified under 6<sup>th</sup> Schedule of the Fisheries Act, but as of 2022 is now specified under the Fisheries (Landing and Discard Exceptions) Notice, accessible at: <https://www.mpi.govt.nz/dmsdocument/53740-Fisheries-Landing-and-Discard-Exceptions-Notice-2022-with-corresponding-New-Zealand-Gazette-Notice>.



**Figure 9: Summary of port price, average annual ACE transfer price, and annual deemed value rate information for SCH 5 since 2011/12. Note that the average ACE transfer price for 2022/23 is based on a smaller sample size given that the fishing year is not yet complete.**

104. Figure 9 shows that the basic annual deemed value rate of SCH 5 has remained consistently above the average ACE price and below the port price over the last decade.
105. The annual deemed value rate and differential schedule for SCH 5 have not changed since 2009 (see current rates below in Table 6). The interim deemed value rate for SCH 5 was increased from \$0.63/kg to \$1.13/kg in 2020. This change was part of a broader change to interim deemed value rate settings across 454 QMS stocks, intended to help ensure catches remain within the available ACE by reducing the incentive for fishers to delay acquiring ACE until the end of the fishing year.<sup>32</sup>

### 5.3.3 Proposed adjustment and rationale

106. FNZ is proposing an increase to the interim, annual and differential deemed value rates for SCH 5 from October 2023 as outlined below (Table 9).

**Table 9: Current and proposed deemed value rates (\$/kg) for SCH 5.**

Stock	Option	Interim (\$/kg)	Annual 100-120% (\$/kg)	Differential rates (\$/kg) for excess catch (% of ACE)				
				120-140%	140-160%	160-180%	180-200%	>200%
SCH 5	Current	1.13	1.25	1.50	1.75	2.00	2.25	2.50
	1	3.20	3.60	4.32	5.04	5.76	6.48	7.20

107. Under this proposal the annual deemed value rate of SCH 5 would increase from \$1.13/kg to \$3.60/kg, and the interim rate and differential rates would be increased in line with this (note that differential rates would remain on a standard schedule).
108. At \$3.60/kg, the annual deemed value rate would be set above the most recent port price estimated for SCH 5 (\$2.59/kg).

<sup>32</sup> More information on this change, including the relevant discussion document and Minister's decision letter can be found at: <https://www.mpi.govt.nz/consultations/review-of-sustainability-measures-for-1-april-2020/>.

109. This adjustment will provide greater incentives for fishers to remain within ACE holdings. As noted above, available information indicates that SCH 5 is currently low in abundance and needs to rebuild back towards its management target. This adjustment would help to prevent excess catches of ACE which may otherwise pose a risk to the stock rebuilding within an appropriate timeframe.
110. This upward adjustment should also encourage bottom longline fishers landing school shark to release individuals alive where possible, and where not possible, to better avoid them and mitigate risks of landing them.
111. FNZ recognises that setting the annual deemed value rate at this level above port price will make landing school shark in SCH 5 strongly cost negative for fishers unable to source ACE, which may carry a higher risk of misreporting. However, this risk is considered to be low based on the monitoring regime for the fishery. Fisheries New Zealand will continue to prioritise observer and camera coverage in the Southern South Island setnet fishery which is responsible for most catch of SCH 5. For 2023/24 it is planned that observers/cameras cover a minimum of 60% of effort (based on number of covered sea days) in the setnet fishery. Cameras are also planned to be rolled out for inshore trawl and longline vessels in this area throughout 2023 and 2024, which will support improved levels of monitoring for SCH 5 caught by other methods.<sup>33</sup>
112. The proposed adjustment will align the deemed value rates of SCH 5 with the adjacent SCH 3 stock. This may be considered appropriate for two reasons:
- SCH 5 is assessed together with the lower part of SCH 3, and both have the same status and associated sustainability concern; and
  - Aligning deemed value rates between adjacent stocks can provide appropriate incentives for fishers who fish across the stock boundaries to report accurately.
113. FNZ welcomes feedback and submissions on these proposed options, or any alternatives.

### 5.3.4 Assessment against statutory criteria

114. The proposed increase in the deemed value rates of SCH 5 is intended to provide greater incentives for commercial fishers to acquire or maintain sufficient ACE to cover their catch of SCH 5. This is consistent with the Minister's mandatory consideration for setting deemed values under section 75(2)(a) of the Act.
115. Table 10 below provides a summary of the permissible statutory considerations that FNZ considers are relevant to the proposed deemed value adjustments for SCH 5.

**Table 10: Summary of statutory considerations directly relevant to the proposed deemed value changes for SCH 5.**

Permissible statutory considerations	Relevant to proposed SCH 5 DV changes
Desirability of commercial fishers landing catch for which they do not have ACE (s 75(2)(b)(i)).	✓
Market value of the ACE for the stock (s 75(2)(b)(ii)).	-
Market value of the stock (s 75(2)(b)(iii)).	✓
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 any other fish commonly taken in association with the fish.	-
Extent to which catch of that stock has exceeded or is likely to exceed TACC for that stock in any year (s 75(2)(b)(v))	✓
Any other matters considered relevant (s 75(2)(b)(vi)).	✓

116. FNZ notes that the recent TACC reduction and consequent reduction in ACE availability for SCH 5 has likely contributed to commercial fishers landing more catch for which they are unable to acquire sufficient ACE.

<sup>33</sup> Information on the timeline for on-board cameras can be found at: <https://www.mpi.govt.nz/fishing-aquaculture/commercial-fishing/fisheries-change-programme/on-board-cameras-for-commercial-fishing-vessels/#timeline>.

117. The proposed deemed value change should lower the desirability of commercial fishers landing catch for which they do not have ACE given that higher penalties will occur if ACE cannot be sourced. This is something that the Minister may have regard to under section 75(2)(b)(i).
118. The proposed adjustment will set the annual deemed value rate of SCH 5 above the recent market value (the current rate is below market value). This is something that the Minister may have regard to under section 75(2)(b)(iii). As noted in the Deemed Value Guidelines (2020), setting the annual deemed value rate above the landed price can be considered appropriate where it may help with meeting sustainability and/or utilisation objectives for the stock. Fisheries New Zealand considers that this applies to SCH 5 stock as there is currently a need for measures to help ensure any catch remains sustainable while the stock rebuilds.
119. The Minister may also have regard to the extent to which catch of SCH 5 has exceeded or is likely to exceed TACC in any year under section 75(2)(b)(v). Fisheries New Zealand notes that the proposed adjustment would lower the risk of the TACC being exceeded compared with the current rates.
120. The proposed alignment of SCH 5 deemed value rates with SCH 3 is something the Minister may also have regard to under section 75(2)(b)(vi) (any other matters considered relevant).

## 6 Questions for submitters on options for adjusting deemed value rates

- Do you support the proposed deemed value adjustments for SNA 8, SNA 7 and/or SCH 5? 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?
121. 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 2023.
  122. FNZ notes that deemed value settings for all QMS fish stocks will continue to be monitored. Where evidence suggests that the deemed value rates are not consistent with the Deemed Value Guidelines, they will be reviewed.

## 7 How to get more information and have your say

123. FNZ invites you to make a submission on the proposals set out in this discussion document. Consultation closes at 5pm on 17 July 2023.
124. Please see FNZ's sustainability consultation webpage (<https://www.mpi.govt.nz/consultations/review-of-sustainability-measures-for-fisheries-october-2023-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](mailto:FMSubmissions@mpi.govt.nz).

## 8 Referenced reports

Fisheries New Zealand (2020). Deemed Values Working Group Final Report. Accessible at: <https://www.mpi.govt.nz/dmsdocument/40253-deemed-values-working-group-final-report>.

Fisheries New Zealand (2020). Deemed Value Guidelines: Guidelines for the review of deemed value rates for stocks managed under the Quota Management System. Accessible at: <https://www.mpi.govt.nz/dmsdocument/40250-Deemed-value-guidelines>

Fisheries New Zealand (2021). Review of Sustainability Measures for the 2021 October round Decision document accessible at: <https://www.mpi.govt.nz/dmsdocument/47617-Review-of-Sustainability-Measures-for-the-2021-October-round-Decision-paper>.

Fisheries New Zealand (2022). Fisheries (Landing and Discard Exceptions) Notice. Accessible at: <https://www.mpi.govt.nz/dmsdocument/53740-Fisheries-Landing-and-Discard-Exceptions-Notice-2022-with-corresponding-New-Zealand-Gazette-Notice>.

Fisheries New Zealand (2023). Fisheries Assessment Plenary, May 2023: stock assessments and stock status. Compiled by the Fisheries Science and Information Group, Fisheries New Zealand, Wellington, New Zealand. Accessible at: <https://www.mpi.govt.nz/science/fisheries-science-research/about-our-fisheries-research>

Minister for Oceans and Fisheries (2021). Decision letter for changes to fisheries sustainability measures for the 2021 October round. Accessible at: <https://www.mpi.govt.nz/dmsdocument/47620-The-Decision-letter-Minister-for-Oceans-and-Fisheries>.

## 9 Appendix 1 – Catch Balancing Review Process

