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17 July 2023

Submission: Support FNZ's Option 2 for Snapper 7 & 8

Recommendations

1. **The Minister approves FNZ's Option 2 for Snapper 8**, to align deemed value rates applying in SNA 8 to those applying in SNA 7, given that some commercial catches are landing in the adjacent management area.
2. **The Minister approves FNZ's Option 2 for Snapper 7**, to maintain the existing deemed value rates so it aligns with the new rate applying in SNA 8.
3. **The Minister acknowledges that the deemed value regime is a failure** as it has consistently failed to constrain commercial catch to the statutory limits set by previous Ministers.

The Submitters

4. The New Zealand Sport Fishing Council (**NZSFC**) appreciates the opportunity to submit on the review of deemed value rates for Snapper 7 (**SNA 7**) and Snapper 8 (**SNA 8**) for 2023/24. Fisheries New Zealand (**FNZ**) released their Discussion Paper No: 2023/12 on 7 June 2023, with submissions due by 17 July 2023.
5. The NZ Sport Fishing Council is a recognised national sports organisation of 50 affiliated clubs with over 36,700 members nationwide. The Council has initiated LegaSea to generate widespread awareness and support for the need to restore abundance in our inshore marine environment. Also, to broaden NZSFC involvement in marine management advocacy, research, education and alignment on behalf of our members and LegaSea supporters.
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6. The New Zealand Angling and Casting Association (**NZACA**) is the representative body for its 24 member clubs throughout the country. The Association promotes recreational fishing and the camaraderie of enjoying the activity with fellow fishers. The NZACA is committed to protecting fish stocks and representing its members' right to fish.
7. Collectively we are '*the submitters*'. The joint submitters are committed to ensuring that sustainability measures and environmental management controls are designed and implemented to achieve the Purpose and Principles of the Fisheries Act 1996, including "maintaining the potential of fisheries resources to meet the reasonably foreseeable needs of future generations..." [s8(2)(a) Fisheries Act 1996].
8. Our representatives are available to discuss this submission in more detail if required. We look forward to positive outcomes from this review and would like to be kept informed of future developments. Our contact is Helen Pastor, secretary@nzsportfishing.org.nz.

Discussion

9. The deemed value regime is not working. The submitters have made comprehensive submissions on the deemed value regime for more than a decade. Many of the issues raised previously still exist today.
10. The submitters are concerned that even when deemed value invoices are issued, not all invoices are paid by the offender. In the past, FNZ has offered several reasons for non-payment. Our concern continues to be that the costs of overfishing are not attributed to the fishers responsible, the cost is externalised, paid by the fishery and other stakeholders.
11. We are also concerned that the deemed value system continues to incentivise either overfishing or dumping, depending on the landed and export price of the species captured. It has also driven up the Annual Catch Entitlement (**ACE**) price for some other species caught in Fisheries Management Area (**FMA**) 8 & 9. While this outcome might suit the major quota holders, particularly in FMA 8 & 9 (encompassed by SNA 8), it makes it harder for the smaller operators dependent on ACE to make a living.
12. We note and agree with the concerns raised by members of the Ngā Hapū o Te Uru o Tainui Iwi Fisheries Forum and noted by FNZ in the proposal paper, that "*there are inequities between large quota holders/fishing companies and small ACE fishers...noting "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"*. Forum members also suggested "*that non-quota owners should have a separate deemed value allowance with a different set of penalties than quota holders*".
13. These concerns are valid and need to be highlighted to the Minister as more serious signals that the deemed value regime is failing to achieve its purpose of balancing actual catch with the statutory limits set by the Minister. This is especially so in a fish stock where there is one major quota holder who does not traditionally sell its ACE, so smaller operators are forced to pay overs for any ACE made available by other owners.

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

| Species | Stock | Current | | | Differential | Option | Proposed | | | Differential |
|--------------|-------|---------------|--------------|--------------------------------|--------------|-------------------------|---------------|--------------|--------------------------------|--------------|
| | | Interim \$/kg | Annual \$/kg | Annual at maximum excess \$/kg | | | Interim \$/kg | Annual \$/kg | Annual at maximum excess \$/kg | |
| 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 |

14. While we support FNZ Option 2 for both SNA 7 & 8, we only agree on the basis that it will align the SNA 8 rates with SNA 7, which is important given the mix of fishing effort and landings between the two Quota Management Areas (**QMAs**) (see Table 1). However, we note that reported commercial catches in SNA 7 have exceeded the Total Allowable Commercial Catch (**TACC**) in 8 of the past 10 years despite two TACC increases in the same decade.

15. So, deemed value rates seem to have limited influence on landed catches. Commercial fishing is more about economics. Current settings suit the corporate and larger fishing companies who set the port price, but they impoverish the ACE fisher who is trying to make a living and survive in the face of rising costs. The retail price of snapper has increased significantly in the last 18 months and the adjustment in deemed value should increase accordingly rather than decrease.

16. There has been no discussion from FNZ on what changes there may be to the deemed value regime when the land-all catch policy is applied across most QMS species. If some fishers are struggling to balance catches with existing ACE, they will be in more strife if they are expected to land all of their catch in future. Unless there is a major structural overhaul, the Minister can expect more instances of catches exceeding the TACCs in future. FNZ and the Minister need to consider these matters with urgency.