

REVIEW OF DEEMED VALUE RATES FOR SELECTED FISH STOCKS

Purpose

- 1 This Initial Position Paper (IPP) proposes some changes to the deemed value rates for selected fishstocks for the October 2008 sustainability round. MFish has undertaken this review using the Deemed Value Standard. A summary of this standard can be found in Appendix 1.

Executive summary

- 2 Under s 75 (1) of the Act the Minister of Fisheries is required to set interim and annual deemed value rates for each quota management stock. 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 and hold sufficient annual catch entitlement (ACE) that is not less than the total catch of that stock taken by the commercial fisher. Section 75 (2)(b) sets out the factors the Minister may have regard to when setting deemed values. These factors form the basis of the analysis spreadsheet that has been produced for all the stocks under review.
- 3 MFish developed a Deemed Value Standard in 2007 (“Deemed Value Standard”) to set out a process for managing the setting, reviewing and amendment of deemed value rates. This standard has been used to review the deemed value rates as part of this sustainability round.
- 4 The Deemed Value Standard details a set of criteria that determine if a fishstock should be considered for a deemed value review. Table 1 details the stocks that meet one or more of these criteria and therefore are eligible for a review.

Table 1: Stocks that met the review criteria set out in the Deemed Value Standard

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Barracouta	BAR5	No change	No change	No change
Blue cod	BCO3	Increased to \$3.75 per kg	Increased to \$2.50 per kg	Adjusted to match annual rate
Blue shark	BWS1	No change	No change	No change
Elephant fish	ELE3	No change	No change	No change
Frostfish	FRO8	No change	No change	No change
Garfish	GAR1	No change	No change	No change
Grey mullet	GMU1 (GMU2, GMU3 & GMU7)	No change	No change	No change
Gurnard	GUR3	No change	No change	Alter differential deemed values
Hake	HAK1	No change	No change	No change
Hapuka/Bass	All HPB stocks	No change	No change	No change
John dory	JDO2 & JDO7	No change	No change	No change
Kingfish	KIN7 (KIN8)	Increased to \$10.00 per kg	Increased to \$5.00 per kg	Adjusted to match annual rate
Ling	All LIN stocks	No change	No change	No change
Moki	MOK1	No change	No change	No change
Parore	PAR1 & PAR9 (All other PAR stocks)	Decreased to \$0.31 per kg	Decreased to \$0.16 per kg	Apply differential deemed values
Paua	All PAU stocks	Increased to \$90.00 per kg	Increased to \$70.00 per kg	Adjusted to match annual rate
Pilchard	PIL1	No change	No change	No change
Porae	POR2 (All other POR stocks)	Increased to \$1.35 per kg	Increased to \$0.68 per kg	Apply differential deemed values
Ruby fish	RBY3 & RBY4	No change	No change	No change
Ribaldo	RIB7 (RIB3, RIB4, RIB5 & RIB6)	Increased to \$0.80 per kg	Increased to \$0.40 per kg	Higher differential deemed values applied
Rough skate	RSK1 & RSK3	Increased to \$0.44 per kg	No change	No change
Gemfish	SKI2 (SKI1)	Decreased to \$1.29 per kg	Decreased to \$0.65 per kg	Adjusted to match annual rate
Sea perch	SPE2	No change	No change	No change
Sea perch	SPE8	Increased to \$0.43 per kg	Increased to \$0.23 per kg	No change
Rig	SPO2	Decreased to \$2.00 per kg	Decreased to \$1.00 per kg	Adjusted to match annual rate
Rig	SPO7	No change	No change	No change
Arrow squid	SQU1T	No change	No change	No change
Smooth skate	SSK1 (all other SSK stocks)	No change	No change	No change
Kina	SUR1A & SUR7A	No change	No change	No change
Swordfish	SWO1	Decreased to \$3.00 per kg	Decreased to \$1.50 per kg	No change
Tarakihi	TAR1 & TAR8	No change	No change	No change
Trumpter	TRU4	No change	No change	No change
White warehou	WWA4	No change	No change	No change

5 In addition stocks that are being considered for a total allowable catch (TAC) review as part of the October 2008 sustainability round are also included in this review process. These stocks are listed in Table 2 below.

Table 2: Stocks that are being considered for a TAC adjustment and therefore will also require a review of their deemed value rates

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Bluenose	All BNS stocks	Increased to \$3.00 per kg	Increased to \$1.50 per kg	Higher differential deemed values applied
Orange roughy	ORH3B	No change	No change	No change

- 6 All stocks in Tables 1 & 2 were considered at the deemed value review group meeting held Monday 5 May 2008. If the review group considered that a deemed value adjustment was appropriate, a range of information sources (see Appendix 2) was then used to propose a new deemed value rate. The individual assessments for each stock can be found in this paper.
- 7 In a number of cases, stocks associated with the stock under review were also considered for a deemed value adjustment. These associated stocks include neighbouring stocks of the same species (for example, SSK3 is included in the review of SSK1). These associated stocks are included in Tables 1 & 2 in brackets.

Background

- 8 The purpose of the deemed value framework is to provide an incentive for fishers to acquire sufficient ACE to balance against catch. The objectives of the catch balancing framework are to ensure that:
- a) Catch is harvested, landed and balanced with ACE;
 - b) There are no significant deemed value payments when ACE is left unused at the end of the fishing year; and
 - c) Individual fishers are not able to use deemed values to undermine the QMS.
- 9 The balancing regime is also a key fisheries management tool contributing to both sustainability and utilisation objectives. The sustainability objectives are achieved when deemed value rates encourage fishers to balance catch with available ACE and in so doing constrain harvesting to the total allowable commercial catch (TACC). Incorrectly set deemed values have led to catches in excess of TACC in some fisheries in recent years, which may have sustainability implications.
- 10 Utilisation objectives are achieved by providing flexibility for operators to manage unexpected and small overruns in ACE holdings by allowing periodic rather than continuous balancing. Low deemed value rates can reduce the value of quota as fishers may choose to pay deemed values rather than purchasing ACE. In the long term, the sustainability implications that may result from overfishing could result in TACC reductions, which also impact on utilisation objectives.
- 11 MFish developed the Deemed Value Standard in 2007 to ensure that deemed value rates are set so as to best meet the purpose of the Act. The Deemed Value Standard provides greater flexibility in how deemed values are set and attempts to ensure that the right incentives are in place to encourage fishers to balance their catch with ACE instead of deemed values.
- 12 The Deemed Value Standard is intended to ensure that effective deemed values are set for all stocks. The Deemed Value Standard:

- a) Allows a more flexible, robust and consistent approach to setting deemed values;
 - b) Sets deemed values following the analysis of a range of information sources;
 - c) Maintains interim deemed values but allows for interim deemed values to be set at a higher rate, if appropriate; and
 - d) Maintains differential deemed values but allows their application to be varied on a stock by stock basis.
- 13 Adopting a more flexible approach means fisheries managers are able to use deemed values as a management tool to promote appropriate behaviour in the fishery.
- 14 As part of the review of the stocks listed in Tables 1 & 2, the associated stocks of these key review stocks are also included in the review process. Associated stocks include neighbouring stocks within the same species, e.g., SSK3 is included in the review of SSK1.

Rationale for management options

- 15 Under s 75(1) of the Act the Minister of Fisheries is required to set interim and annual deemed value rates for each quota management stock. 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 and hold sufficient ACE that is not less than the total catch of that stock taken by the commercial fisher.
- 16 The Act requires both annual and interim deemed value rates to be set for all stocks which will take effect on the first day of each fishing year. In the past, interim deemed value rates have been set at 50% of the annual rate. There is a risk that low interim deemed value rates will delay the balancing of catch until the end of the fishing season, when there is a race for ACE and insufficient ACE to cover all catch, therefore leading to the TACC being exceeded.
- 17 While the interim deemed value rates will remain at 50% of the annual rates for most stocks, MFish is recommending higher interim deemed value rates for some of the stocks under review. Details of what percentage of the annual deemed value the interim deemed values have been set can be found in the analysis of each stock. In some instances it may be appropriate to set the interim rate closer to the annual rate. If fishers were required to pay a higher interim deemed value rate, it may encourage them to obtain ACE to balance their catch more regularly instead of delaying this until the end of the fishing year. MFish proposes that, in situations where more regular balancing is warranted to ensure catch levels do not exceed available ACE, the interim deemed value should be set closer to the annual rate.
- 18 The Act also permits the Minister to set differential deemed value rates. The purpose of differential deemed values is to create greater incentives at the individual level to balance catch with ACE.
- 19 Unlike both the annual and interim deemed value rates, differential deemed value rates apply at the individual fisher level only. MFish considers differential deemed value rates to be an important tool in addressing situations where fishers take excess catch with the intention of paying deemed values instead of balancing with ACE.

- 20 As part of the flexible approach to setting deemed values, MFish is recommending that differential deemed values are set at a level that will provide a strong incentive for fishers to balance catch with ACE. For some stocks this may mean applying differential deemed values at small percentages of overcatch such as 5% to discourage any fishing on deemed values; for others it may mean applying differential deemed value rates at 20% overcatch to allow some minor over catch.
- 21 Flexibility in setting the incremental increase in differential deemed value rates is also available under the Deemed Value Standard. Differential rates depend on the stock and the behaviours that MFish is trying to use deemed values to manage. The actual rates at which the differentials are set are flexible and are not necessarily based on the annual rate. Instead, they can be set at any financial amount that MFish considers is necessary to provide the maximum disincentive for fishers to take fish without ACE.
- 22 For each stock in this review interim, annual and differential deemed value rates are proposed at a level that MFish considers will ensure every incentive is provided to fishers to balance catch with ACE.

Process

- 23 The Deemed Value Standard sets out a process for reviewing and adjusting deemed value rates. This process is being followed for the October 2008 sustainability round.
- 24 All quota management system (QMS) stocks with a fishing year beginning 1 October were assessed against the following deemed value criteria as set out in the Deemed Value Standard:
- a) Catch in excess of a TACC.
 - b) Catch in excess of an individual's ACE holdings and deemed values have been invoiced but ACE has remained unused.
 - c) Changes to the port price of a stock.
 - d) Direct request from the Seafood Industry Council (SeaFIC) on behalf of quota owners.
 - e) Recent changes to a stock's TACC or the TACC of key bycatch stocks.
 - f) Stock has recently entered the QMS and the initial deemed value rate was set using limited information.
- 25 Following an assessment of the stock's performance against the criteria described above an analysis spreadsheet ("analysis spreadsheet") was prepared. This analysis spreadsheet details the stock's performance against the criteria described above.
- 26 This information was analysed to determine why deemed value rates for some stocks may not be effective. The analysis spreadsheet described above was used to answer the following questions:
- a) Likely reasons for the TACC over catch/ACE breaches.
 - b) An assessment of the bycatch fisheries associated with the stocks under review.

- c) If there has been significant changes in the structure of quota/ACE holdings for the stocks.
 - d) Likely risk that the deemed value may not provide the appropriate incentive to balance catch with ACE.
 - e) Impact of changes in market price and/or structure for the fish product/species under review.
- 27 Information relevant to a deemed value adjustment is summarised in the analysis section for each stock. The information sheets can be found in Appendix 2.
- 28 All stocks included on the list were reviewed by the deemed value review group at a meeting, held on Monday 5 May 2008. This review group consisted of a representative from SeaFIC and MFish officials. At this meeting, each stock was assessed using the information and analysis described above. This assessment determined if a deemed value adjustment was appropriate.
- 29 If a deemed value adjustment was considered appropriate, the following information sources were used to determine how the proposed new deemed value rate should be set. This information was available to participants at the deemed value review group meeting:
- a) Port price;
 - b) ACE trading price;
 - c) Export prices as a proxy for market values (where appropriate);
 - d) Bycatch ratios (where appropriate);
 - e) Cost recovery levy rates; and
 - f) Past deemed value payments.
- 30 MFish is presenting the following proposed deemed value adjustments for consultation only. This IPP is not final advice to the Minister but provides stakeholders with the opportunity to comment on, and provide supplemental information to draft advice.

Analysis

- 31 This section sets out a summary of the analysis for each stock and an assessment of the proposed deemed value adjustment.
- 32 Not all stocks included on the review list require a deemed value adjustment. Details of such stocks are presented at the end of the analysis section.
- 33 The analysis for each stock follows.

Blue cod: BCO3

- 34 Blue cod (BCO3) is a key bycatch species in the southern inshore fin fishery. BCO3 is included in the review because:
- a) It has been consistently over caught in recent fishing seasons (106% of available ACE in the 2006-07 fishing season).

- b) Deemed value invoices of \$49,779 were issued at the end of the 2006-07 fishing season.
 - c) The port price for BCO3 has increased from \$2.94 per kg to \$3.81 per kg (an increase of \$0.87 per kg).
- 35 The current port price (\$3.81 per kg) is higher than the annual deemed value rate (\$3.25 per kg) suggesting fishers can fish, pay the deemed value and still realise a profit.
- 36 MFish proposes to increase the annual deemed value rate for BCO3 so that it better reflects the landed price suggested by export price and other information in this fishery.
- 37 MFish also proposed to set the interim deemed value rate at 66.66% of the annual deemed value rate to encourage fishers to balance their catch with ACE regularly instead of paying interim deemed values.
- 38 The differential deemed value rates for BCO3 will also change so they are in line with the proposed annual deemed value rate.
- 39 The proposed deemed value rates for BCO3 for the 2008-09 fishing season is as follows:
- a) Annual deemed value rate to increase from \$2.65 per kg to \$3.75 per kg
 - b) Interim deemed value rate to increase from \$1.32 per kg to \$2.50 per kg
 - c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 3: Proposed differential deemed value rates for BCO3

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO3 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO3 (\$)
20	3.90 per kg	20	4.50 per kg
40	4.55 per kg	40	5.25 per kg
60	5.20 per kg	60	6.00 per kg
80	5.85 per kg	80	6.75 per kg
100	6.50 per kg	100	7.50 per kg

Bluenose: All BNS stocks

- 40 BNS is caught both as a target and bycatch species. BNS is targeted by using longlines but it also caught as bycatch in other longline fisheries and some trawl fisheries. These fisheries are being reviewed in the October sustainability round as there are concerns that the TACC has been set too high and that this is leading to falling catches and sustainability concerns.
- 41 MFish considers that if the TACC is reduced then deemed value rates should increase so that they adequately protect the new TACC. The current annual deemed value rates in each BNS stock are currently set below both the port price for that stock and the greenweight value implied by the average export price for BNS (\$7.37 per kg). MFish proposes to increase the annual deemed value rate so that it better reflects the current port price.

- 42 MFish considers it appropriate to adjust the differential deemed value rates for all BNS stocks so that lower rates apply to smaller amounts of catch in excess of ACE holdings and rise steeply as fishers report greater quantities of catch in excess of ACE.
- 43 These proposed deemed value adjustments are dependant on a TACC decrease, if this is not approved by the Minister then MFish considers the deemed value rates should remain unchanged.
- 44 The proposed deemed value rates for all BNS stocks for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to:
 - i) BNS1: increase from \$2.37 per kg to \$3.00 per kg;
 - ii) BNS2: remain at \$3.00 per kg;
 - iii) BNS3: increase from \$2.38 per kg to \$3.00 per kg;
 - iv) BNS7: increase from \$1.64 per kg to \$3.00 per kg;
 - v) BNS8: increase from \$2.06 per kg to \$3.00 per kg;
 - vi) BNS10: increase from \$1.73 per kg to \$3.00 per kg;
 - b) Interim deemed value rate to:
 - vii) BNS1: increase from \$1.19 per kg to \$1.50 per kg;
 - viii) BNS2: remain at \$1.50 per kg;
 - ix) BNS3: increase from \$1.19 per kg to \$1.50 per kg;
 - x) BNS7: increase from \$0.82 per kg to \$1.50 per kg;
 - xi) BNS8: increase from \$1.03 per kg to \$1.50 per kg;
 - xii) BNS10: increase from \$0.87 per kg to \$1.50 per kg;
 - c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 4: Proposed differential deemed value rates for all BNS stocks

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for BNS1 (\$)	Current deemed value rate for BNS3 (\$)	Current deemed value rate for BNS7 (\$)	Current deemed value rate for BNS8 (\$)	Current deemed value rate for BNS10 (\$)
20	2.844 per kg	2.856 per kg	1.968 per kg	2.472 per kg	2.076 per kg
40	3.318 per kg	3.332 per kg	2.296 per kg	2.884 per kg	2.422 per kg
60	3.792 per kg	3.808 per kg	2.624 per kg	3.296 per kg	2.768 per kg
80	4.266 per kg	4.284 per kg	2.952 per kg	3.708 per kg	3.114 per kg
100	4.740 per kg	4.760 per kg	3.280 per kg	4.120 per kg	3.460 per kg

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BNS2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all BNS stocks (\$)
5	4.00 per kg	5	4.00 per kg
10	5.00 per kg	10	5.00 per kg
20	6.00 per kg	20	6.00 per kg
30	7.00 per kg	30	7.00 per kg
40	8.00 per kg	40	8.00 per kg
50	9.00 per kg	50	9.00 per kg
60	10.00 per kg	60	10.00 per kg

Gurnard: GUR3

- 45 GUR3 is a bycatch of the ELE3, FLA3, RCO3 and TAR3 target fisheries. Recent research purchased by MFish shows that the GUR3 populations are in the best shape in the past 20 years. It has been reported by the MFish Dunedin office that the high abundance of GUR is creating problems in the South East finfishery. GUR3 has also breached several of the criteria for review:
- a) In the last three fishing seasons GUR3 has been over caught (124% of available ACE in the 2006-07 fishing season).
 - b) Deemed value invoices of \$216,356 were issued at the end of the 2006-07 fishing season.
- 46 The deemed value rates for GUR3 were changed in the October 2007 review to try to better protect the TACC. However, this change has created incentives to dump or high grade due to the high abundance and price differentials for different size fish.
- 47 Analysis of the deemed value invoices incurred so far to date (1 October 2007 to 14 April 2008) of \$7,219 show a significant decrease in the amount of deeming when compared to the same time period last year (\$30,023).
- 48 Given the high abundance of GUR3 and the reports that fishers cannot avoid catching it as a bycatch, MFish believes that the deemed value structure implemented at the start of the 2007-08 fishing year has not created an incentive to balance with ACE but may have exacerbated any existing high grading or dumping issues associated with GUR3.
- 49 This situation has put MFish in a difficult position. MFish recognises that the deemed value structure as it currently stands has not encouraged fishers to balance their catch ACE. MFish also does not want to reward illegal behaviour such as high grading and dumping by lowering deemed values to create in effect an open access fishery and undermine the rights of quota owners.
- 50 After carefully considering the situation, MFish has decided that action is required to ensure the all GUR3 caught is landed/reported and that incentives are left in place to encourage fishers to balance their catch with ACE.
- 51 The proposed deemed value rates for GUR3 for the 2008-09 fishing season is as follows:

- a) Retain the existing annual deemed value rate of \$1.60 per kg.
- b) Retain the existing interim deemed value rate of \$0.80 per kg.
- c) Differential deemed value rates adjusted as outlined in the table below

Table 5: Proposed differential deemed value rates for GUR3

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for GUR3 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GUR3 (\$)
20	1.92 per kg	50	2.08 per kg
40	2.24 per kg	60	2.56 per kg
60	2.56 per kg	80	2.88 per kg
80	2.88 per kg	100	3.20 per kg
100	3.20 per kg		

Kingfish: KIN7 & KIN8

- 52 KIN7 is caught as a bycatch in the jack mackerel fisheries and is an important recreational fish stock. This was reflected in the TACC allocation that was set when the stock entered the QMS, a 21 tonne TAC was set but just 7 tonnes was allocated for commercial use.
- 53 The KIN7 stock is believed to be on the margins of the distribution of kingfish and, while there is incomplete information about the status of the stock, it is important that catches are constrained to the TACC.
- 54 Kingfish is listed on the 6th Schedule of the Act and therefore it can be returned to the sea, provided it is likely to survive. While this option is available to fisher's who catch KIN7 as a bycatch in the jack mackerel trawl fishery the likelihood of a kingfish surviving if returned to the sea is uncertain.
- 55 The current deemed value regime is not constraining catch (178% of ACE was caught during the 2006-07 fishing year) and this would suggest that current deemed value rates are not providing the appropriate incentive to fishers to balance their catch with ACE.
- 56 Vessels targeting jack mackerel operate in both KIN7 and KIN8. To discourage any incentive to misreport between QMAs, MFish proposes to change the deemed value rates in KIN8 to match those proposed in KIN7.
- 57 The proposed deemed value rates for KIN7 & KIN8 for the 2008-09 fishing season are as follow:
 - a) Annual deemed value rate to increase:
 - i) KIN7: from \$8.90 per kg to \$10.00 per kg;
 - ii) KIN8: from \$8.90 per kg to \$10.00 per kg;
 - b) Interim deemed value rate to increase:
 - iii) KIN7: from \$4.45 per kg to \$5.00 per kg;
 - iv) KIN8: from \$4.45 per kg to \$5.00 per kg;

- c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 6: Proposed differential deemed value rates for KIN7 & KIN8

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for KIN7 & KIN8 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for KIN7 & KIN8 (\$)
20	10.80 per kg	20	12.00 per kg
40	12.60 per kg	40	14.00 per kg
60	14.40 per kg	60	16.00 per kg
80	16.20 per kg	80	18.00 per kg
100	18.00 per kg	100	20.00 per kg

Parore: All PAR stocks

- 58 Parore is principally caught as a bycatch in the grey mullet, flatfish and trevally setnet fisheries in northern New Zealand. Most of the catch comes from eastern Northland and the Firth of Thames (PAR1) and the Kaipara and Manukau Harbours (PAR9).
- 59 Parore (PAR1) was included in this review because there has been deemed value payments when 19% of ACE remained unused during the 2006-07 fishing year. There has also been a slight increase in the port price from \$1.53 per kg to \$1.78 per kg.
- 60 PAR9 has been included in this review because the deemed value rates for this fishery are out of line with the other PAR stocks.
- 61 MFish believes that current deemed value rates are not providing the appropriate incentive to fishers to balance their catch with ACE. Therefore, MFish proposes to set the same annual and interim deemed value rates for all the PAR stocks and introduce differential deemed values into all the PAR stocks.
- 62 This approach will also remove any incentive to misreport PAR to take advantage of a lower deemed value rate in a neighbouring PAR fishery.
- 63 The proposed deemed value rates for all PAR stocks for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to:
 - i) PAR1: remain at \$0.31 per kg;
 - ii) PAR2: remain at \$0.31 per kg;
 - iii) PAR9: decrease from \$0.34 per kg to \$0.31 per kg;
 - iv) PAR10: remain at \$0.31 per kg;
 - b) Interim deemed value rate to:
 - v) PAR1: remain at \$0.16 per kg;
 - vi) PAR2: remain at \$0.16 per kg;
 - vii) PAR9: decrease from \$0.17 per kg to \$0.16 per kg;
 - viii) PAR10: remain at \$0.16 per kg.

- c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 7: Proposed differential deemed value rates for all PAR stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all PAR stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all PAR stocks (\$)
20	Differential deemed values currently do not apply	20	0.372 per kg
40		40	0.434 per kg
60		60	0.496 per kg
80		80	0.558 per kg
100		100	0.620 per kg

Paua: All PAU Stocks

- 64 Paua is an important species to both commercial and non-commercial fishers.
- 65 It is a high value species to commercial fishers, and there has been an increase in the port price for all PAU stocks except PAU10 to \$44.39 per kg (an increase of \$7.38 per kg).
- 66 MFish believes it is important to continue the strategy of setting the annual deemed value rate at least twice the port price for high value species. In the IPP, MFish proposed to shift the annual deemed value rate for all PAU stocks to \$90.00 per kg to account for the increase in port price. This is approximately twice the current port price.
- 67 MFish also proposed to set the interim deemed value rate at 77.77% of the annual deemed value rate to encourage fishers to balance their catch with ACE regularly instead of paying interim deemed values.
- 68 The differential deemed value rates for all PAU stocks would then be adjusted to match the proposed annual deemed value rate.
- 69 The proposed deemed value rates for all PAU stocks for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to increase:
 - i) PAU1: from \$60.00 per kg to \$90.00 per kg;
 - ii) PAU2: from \$60.00 per kg to \$90.00 per kg;
 - iii) PAU3: from \$60.00 per kg to \$90.00 per kg;
 - iv) PAU4: from \$60.00 per kg to \$90.00 per kg;
 - v) PAU5A: from \$60.00 per kg to \$90.00 per kg;
 - vi) PAU5B: from \$60.00 per kg to \$90.00 per kg;
 - vii) PAU5D: from \$60.00 per kg to \$90.00 per kg;
 - viii) PAU6: from \$60.00 per kg to \$90.00 per kg;
 - ix) PAU7: from \$60.00 per kg to \$90.00 per kg;
 - x) PAU10: from \$60.00 per kg to \$90.00 per kg;

- b) Interim deemed value rate to increase:
- xi) PAU1: from \$30.00 per kg to \$70.00 per kg;
 - xii) PAU2: from \$30.00 per kg to \$70.00 per kg;
 - xiii) PAU3: from \$30.00 per kg to \$70.00 per kg;
 - xiv) PAU4: from \$30.00 per kg to \$70.00 per kg;
 - xv) PAU5A: from \$30.00 per kg to \$70.00 per kg;
 - xvi) PAU5B: from \$30.00 per kg to \$70.00 per kg;
 - xvii) PAU5D: from \$30.00 per kg to \$70.00 per kg;
 - xviii) PAU6: from \$30.00 per kg to \$70.00 per kg;
 - xix) PAU7: from \$30.00 per kg to \$70.00 per kg;
 - xx) PAU10: from \$30.00 per kg to \$70.00 per kg;
- c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 8: Proposed differential deemed value rates for all PAU stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all PAU stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all PAU stocks (\$)
20	72.00 per kg	20	108.00 per kg
40	84.00 per kg	40	126.00 per kg
60	96.00 per kg	60	144.00 per kg
80	108.00 per kg	80	162.00 per kg
100	120.00 per kg	100	180.00 per kg

Porae: All POR stocks

- 70 Porae is principally caught as a bycatch in inshore setnet fisheries in northern New Zealand. It is generally taken in association with snapper and trevally in east Northland and Coromandel, and tarakihi and blue moki around Gisborne.
- 71 Porae (POR2) was included in this review because 135% of ACE was caught in the 2006-07 fishing year. There has also been an increase in the port price from \$1.83 per kg to \$2.15 per kg. The deemed value rates for POR2 are also out of line with deemed value rates of the other POR stocks.
- 72 MFish believes that current deemed value rates are not providing the appropriate incentive to fishers to balance their catch with ACE. Therefore, MFish proposes to set the same annual and interim deemed value rates for all the POR stocks and introduce differential deemed values into all the POR stocks.
- 73 This approach will also remove any incentive to misreport POR to take advantage of a lower deemed value rate in a neighbouring POR fishery.
- 74 The proposed deemed value rates for all POR stocks for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to:

- i) POR1: remain at \$1.35 per kg;
 - ii) POR2: increase from \$0.69 per kg to \$1.35 per kg;
 - iii) POR3: remain at \$1.35 per kg;
 - iv) POR10: remain at \$1.35 per kg;
- b) Interim deemed value rate to:
- v) POR1: remain at \$0.68 per kg;
 - vi) POR2: increase from \$0.35 per kg to \$0.68 per kg;
 - vii) POR3: remain at \$0.68 per kg;
 - viii) POR10: remain at \$0.68 per kg;
- c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 9: Proposed differential deemed value rates for all POR stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all POR stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all POR stocks (\$)
20	Differential deemed values currently do not apply	20	1.62 per kg
40		40	1.89 per kg
60		60	2.16 per kg
80		80	2.43 per kg
100		100	2.70 per kg

Ribaldo: RIB3, RIB4, RIB5, RIB6 & RIB7

- 75 Ribaldo was classified as a low knowledge stock when it was brought into the QMS in 1998. The TACC for RIB7 was reviewed during the October 2006 sustainability round and was substantially increased from 55 tonnes to 330 tonnes. The deemed value rates were also increased at the same time from an annual rate of \$0.07 per kg to \$0.80 per kg and from an interim rate of \$0.04 per kg to \$0.40 per kg. However, the TACC was overfished during the 2006-07 fishing year which would suggest the deemed value rates were not set at an appropriate level when last reviewed by MFish.
- 76 During the 2006-07 fishing year \$67,350 in deemed value payments were incurred in RIB7. Three companies were responsible for 93% of these payments. The key issue is that there are no differential deemed value rates set for RIB7 and there is an incentive for fishers to fish extensively without ACE.
- 77 MFish also considers it appropriate to set consistent deemed value rates for stocks that are routinely fished as part of the same fishing trip so as to avoid any incentive for fishers to misreport catch by taking advantage of a lower deemed value rate in a neighbouring stock. For this reason, MFish considers it appropriate to have the same deemed value regime across all 5 ribaldo stocks since vessels can fish in more than one ribaldo fishery during the same trip.
- 78 The proposed deemed value rates for RIB3, RIB4, RIB5, RIB6 & RIB7 for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to:

- i) RIB3: increase from \$0.30 per kg to \$0.80 per kg;
 - ii) RIB4: increase from \$0.30 per kg to \$0.80 per kg;
 - iii) RIB5: increase from \$0.06 per kg to \$0.80 per kg;
 - iv) RIB6: remain at \$0.80 per kg;
 - v) RIB7: remain at \$0.80 per kg;
- b) Interim deemed value rate to:
- vi) RIB3: increase from \$0.15 per kg to \$0.40 per kg;
 - vii) RIB4: increase from \$0.15 per kg to \$0.40 per kg;
 - viii) RIB5: increase from \$0.03 per kg to \$0.40 per kg;
 - ix) RIB6: remain at \$0.40 per kg;
 - x) RIB7: remain at \$0.40 per kg;
- c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 10: Proposed differential deemed value rates for RIB3, RIB4, RIB5, RIB6 & RIB7

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for RIB3, RIB4, RIB5, RIB6 & RIB7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RIB3, RIB4, RIB5, RIB6 & RIB7 (\$)
10	Differential deemed values currently do not apply	10	1.20 per kg
20		20	2.00 per kg

Rough skate: RSK1 and RSK3

- 79 Rough skate occur throughout New Zealand, but are most abundant around the South Island in depths down to 500m. Most of the catch is taken as bycatch by bottom trawlers, but skates are also taken by longliners.
- 80 RSK1 and RSK3 have been included in this review because the deemed value rates for these fisheries are out of line with the other RSK stocks.
- 81 By removing this difference in the deemed value rates there should not be any incentive to misreport RSK to take advantage of a lower deemed value rate in a neighbouring RSK fishery. This also brings the deemed value rates for rough skate in line with the deemed value rates for smooth skate (SSK). MFish is aware that it can be difficult to identify each species of skate so the matching deemed value rates should remove any incentive to misreport the species of skate caught to take advantage of a lower deemed value rate.
- 82 Rough skate is listed on the 6th Schedule of the Fisheries Act and therefore it can be returned to the sea provided it is likely to survive
- 83 The proposed deemed value rates for RSK1 and RSK3 for the 2008-09 fishing season are as follow:
- a) Annual deemed value rate to increase:

- i) RSK1: from \$0.23 per kg to \$0.44 per kg;
- ii) RSK3: from \$0.30 per kg to \$0.44 per kg;
- b) Interim deemed value rate to:
 - iii) RSK1: remain at \$0.22 per kg;
 - iv) RSK3: remain at \$0.22 per kg;
- c) Continue to have no differential deemed value rates in these fisheries.

Gemfish: SKI1 & SKI2

- 84 SKI2 is both a target fishery and a bycatch of the TAR2 trawl fishery. In five out of the last six fishing seasons SKI2 has been over caught (123% of available ACE in the 2006-07 fishing season).
- 85 The deemed value rates for SKI2 were changed in the October 2007 review to try to better protect the TACC. However, the port price for SKI2 has dropped from \$3.14 per kg to \$1.54 per kg (a decrease of \$1.60 per kg). This means that the annual deemed value is now above the port price. This suggests that fishers have an incentive to dump fish since the deemed value is greater than the price they receive for it.
- 86 MFish considers a decrease to the annual deemed value rate is appropriate at this time so that it better reflects current market prices.
- 87 To remove any incentive for fishers to misreport SKI2 as coming from any other SKI stock, MFish proposes that the deemed value rates for SKI1 is adjusted so it is in line with SKI2.
- 88 The proposed deemed value rates for SKI1 and SKI2 for the 2008-09 fishing season is as follows:
- a) Annual deemed value rate to decrease from \$3.00 per kg to \$1.29 per kg.
 - b) Interim deemed value rate to decrease from \$1.50 per kg to \$0.65 per kg.
 - c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 11: Proposed differential deemed value rates for SKI1 & SKI2

Current differential rates				Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SKI1 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SKI2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SKI1 & SKI2 (\$)
20	3.168 per kg	20	3.60 per kg	20	1.548 per kg
40	3.696 per kg	40	4.20 per kg	40	1.806 per kg
60	4.224 per kg	60	4.80 per kg	60	2.064 per kg
80	4.752 per kg	80	5.40 per kg	80	2.322 per kg
100	5.280 per kg			100	2.580 per kg

Sea perch: SPE8

- 89 Sea perch (SPE8) is a bycatch species of the deepwater fishery in QMA8. SPE8 is included in the review because the port price has increased from \$0.60 per kg to \$1.76 per kg (an increase of \$1.16 per kg).

- 90 The current port price (\$1.76 per kg) is higher than the annual deemed value rate (\$0.24 per kg) suggesting fishers can fish, pay the deemed value and still realise a profit.
- 91 The port price for the other SPE fisheries has increased slightly (increases range from \$0.01 per kg to \$0.03 per kg). MFish plans on carrying out further analysis of the SPE8 to see why the port price for this fishery has increased significantly when compared to the other SPE fisheries.
- 92 However, MFish proposes to increase the annual deemed value rate for SPE8 so that it better reflects the port price in this fishery.
- 93 The proposed deemed value rates for SPE8 for the 2008-09 fishing season is as follows:
- a) Annual deemed value rate to increase from \$0.24 per kg to \$0.45 per kg
 - b) Interim deemed value rate to increase from \$0.12 per kg to \$0.23 per kg
 - c) Continue to have no differential deemed value rates in this fishery.

Rig: SPO2

- 94 Rig (SPO) is caught as bycatch in most inshore trawl fisheries. SPO2 has been included in this review because:
- a) It has been consistently over caught in the last twelve fishing seasons (113% of available ACE in the 2006-07 fishing season).
 - b) Deemed value invoices of \$36,241 were issued at the end of the 2006-07 fishing season.
- 95 The deemed value rates for SPO2 were changed in the October 2007 review to try to better protect the TACC because of the persistent over fishing. The port price for SPO2 (\$2.82 per kg) has since decreased, suggesting that the market value of rig has decreased. This may encourage fishers to discard fish since the annual deemed value rate is now above the port price.
- 96 The differential value rates for SPO2 were altered to set a lower over catch level to encourage fishers to balance with ACE as the majority of the deeming was being carried out by two companies. Although one company has since left the fishery. MFish considers the decrease in port and market price make the unique differential deemed value rates introduced for SPO2 no longer appropriate.
- 97 MFish considers a decrease to the annual deemed value rate closer in line with port price is appropriate at this time. Differential deemed value rates will also change to reflect the proposed annual deemed value rate and revert to the standard ramping system.
- 98 The proposed deemed value rates for SPO2 for the 2008-09 fishing season is as follows:
- a) Annual deemed value rate to decrease from \$3.00 per kg to \$2.00 per kg
 - b) Interim deemed value rate to decrease from \$1.50 per kg to \$1.00 per kg

- c) Differential deemed value rates adjusted as outlined in the table below

Table 12: Proposed differential deemed value rates for SPO2

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SPO2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPO2 (\$)
10	6.00 per kg	10	5.00 per kg
25	8.00 per kg	25	7.00 per kg
50	11.00 per kg	50	10.00 per kg

Broadbill swordfish: SWO1

- 99 Broadbill swordfish (SWO1) is a both bycatch in the bigeye and southern bluefin tuna fisheries and a target fishery. SWO 1 is included in this review because initial deemed value rates were set with limited information in the absence of an active ACE market.
- 100 MFish is concerned that the current level of the deemed value is very close to port price.
- 101 The 90 percentile of ACE trades reported between 2004 and 2008 is \$1.18 (excluding \$0 and nominal trades of \$1 a transaction). Port price for SWO 1 ranges between \$4.00-\$5.60 on the basis of greenweight. The current annual deemed value is \$4.25 (the interim deemed value is \$2.13).
- 102 MFish proposes basing a revised annual deemed value on the mid point between the average port price (\$4.80) and the ACE price (\$1.18), which is \$3.00.
- 103 The proposed deemed value rates for SWO1 for the 2008-09 fishing season is as follows:
- a) Annual deemed value rate to decrease from \$4.25 per kg to \$3.00 per kg.
 - b) Interim deemed value to decrease from \$2.13 per kg to \$1.50 per kg
 - c) Continue to have no differential deemed value rates in this fishery.

Stocks reviewed but no deemed value adjustment proposed

- 104 The remaining stocks listed in Tables 1 & 2 were also reviewed. Following their assessment at the deemed value review meeting, MFish does not consider an adjustment is warranted at this time. However, MFish invites submitters to comment on if a deemed value review is appropriate for these stocks. A discussion on the rationale behind MFish's decisions follows.

Barracouta: BAR5

- 105 Barracouta (BAR5) was included in this review because there has been deemed value payments when 16% of ACE remained unused during the 2006-07 fishing year. There has also been an increase in the port price from \$0.19 per kg to \$0.25 per kg.
- 106 Upon further investigation, one company incurred 100% of the total deemed value payments (\$46,165) during the 2006-07 fishing year. This company has now gone into liquidation. When removing this company from the analysis all other catch of BAR5 during the 2006-07 fishing season was balanced with ACE, so the current

deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Blue shark: BWS1

- 107 Blue shark (BWS1) was included in this review because there has been deemed value payments when 62% of ACE remained unused during the 2006-07 fishing year. There has also been an increase in the port price from \$0.17 per kg to \$3.84 per kg.
- 108 MFish considers that, since only 42% of the TACC for BWS1 was caught during the 2006-07 fishing season and that it is also on the 6th Schedule of the Fisheries Act, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Elephant fish: ELE3

- 109 Elephant fish (ELE3) was included in this review because it has been over caught the last four years. There has also been a slight increase in the port price from \$1.80 per kg to \$1.90 per kg.
- 110 MFish considers that, since the over catch has been relatively small (2% to 8% of the TACC) and the change in port price is minimal, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Frostfish: FRO8

- 111 Frostfish (FRO8) was included in this review because 111% of ACE was caught in the 2006-07 fishing year. It was also over caught the previous two years.
- 112 MFish has decided due to a lack of information on this stock, it will monitor the situation in this fishery. This stock will be revisited next year, so the current deemed value rates are appropriate for the time being. Therefore, MFish does not propose an adjustment at this time.

Garfish: GAR1

- 113 Garfish (GAR1) was included in this review because there has been an increase in the port price from \$5.76 per kg to \$8.41 per kg.
- 114 MFish considers that, since the TACC has never been breached and no deemed value payments were incurred in GAR1 during the 2006-07 fishing year, the current deemed value rates are appropriate. However, due to the large increase in port price, MFish will monitor the situation in this fishery and revisit this stock next year. Therefore, MFish does not propose an adjustment at this time.

Grey mullet: GMU1

- 115 Grey mullet (GMU1) was included in this review because there has been deemed value payments when 14% of ACE remained unused during the 2006-07 fishing year. There has also been an increase in the port price from \$2.55 per kg to \$3.09 per kg.
- 116 MFish considers that, since the TACC was not breached, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Hake: HAK1

- 117 Hake (HAK1) was included in this review because it is the major bycatch species in the hoki fishery and is susceptible to over fishing as its shadow price is higher than its port price.
- 118 MFish considers that, since only 55% of the TACC for HAK1 was caught during the 2006-07 fishing season, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Hapuka/Bass: All HPB stocks

- 119 Hapuka/Bass (All HPB stocks) was included in this review because the port price for all HPB stocks fell during the 2006-07 fishing year. The fall in the port prices for the HPB stocks ranged from \$0.23 per kg to \$1.15 per kg.
- 120 MFish considers that, since only one of the TACCs for HPB (HPB3) was over caught during the 2006-07 fishing season and there was minimal deemed value payments when ACE remained unused in the remaining HPB stocks, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

John dory: JDO2 & JDO7

- 121 John dory (JDO2 & JDO7) was included in this review because when MFish decided when it changed the deemed value rates for these stocks in October 2007 it would revisit these stocks to ensure the new deemed value rates were set at the correct level.
- 122 MFish considers that the changes made in October 2007 for the 2007-08 fishing year are providing the correct incentives in these fisheries. Therefore, MFish does not propose an adjustment at this time.

Ling: All LIN stocks

- 123 Ling (LIN1, LIN2, LIN3, LIN4, LIN5, LIN6 & LIN7) was included in this review because there has been deemed value payments when ACE remains unused during the 2006-07 fishing year in all the LIN stocks except for LIN7 which was slightly over caught. There has also been a significant increase in the port price from \$1.36 per kg to \$3.07 per kg.
- 124 MFish considers that the changes made in October 2007 for the 2007-08 fishing year are providing the correct incentives in these fisheries. Therefore, MFish does not propose an adjustment at this time.

Moki: MOK1

- 125 Moki (MOK1) was included in this review because there has been deemed value payments when 3% of ACE remained unused during the 2006-07 fishing year. There has also been a slight increase in the port price from \$0.73 per kg to \$0.91 per kg.
- 126 MFish considers that, since the TACC was not breached, the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Orange roughy: ORH3B

- 127 Orange roughy (ORH3B) was included in this review because MFish is reviewing its TACC as part of the October 2008 sustainability round. It was also reviewed as part of the October 2007 deemed value review.
- 128 MFish considers that the changes made in October 2007 for the 2007-08 fishing year are providing the correct incentives in this fishery. Therefore, MFish does not propose an adjustment at this time.

Pilchard: PIL1 & PIL8

- 129 Pilchard (PIL1 & PIL8) was included in this review because when MFish thought the port price was significantly above the current deemed value rate. Upon further analysis, it was discovered that a clerical error explained the issue.
- 130 MFish considers that the current deemed value rates are providing the correct incentives in these fisheries. Therefore, MFish does not propose an adjustment at this time.

Ruby fish: RBY3 & RBY4

- 131 Ruby fish (RBY3 & RBY4) was included in this review because 617% of ACE was caught in RBY4 and 118% of ACE was caught in RBY3 in the 2006-07 fishing year.
- 132 MFish considers that, since this is the first time RBY3 has ever been over caught, it will monitor the situation to see if this is an anomaly or deliberate over fishing. RBY4 has been over fished in the past three fishing seasons but this stock has a low TACC (6 tonnes). MFish has decided that further investigation is required into these stocks to determine what is causing the over catch. Therefore, MFish does not propose an adjustment at this time.

Sea perch: SPE2

- 133 Sea perch (SPE2) was included in this review because 118% of ACE was caught in the 2006-07 fishing year. There has also been a slight increase in the port price from \$0.60 per kg to \$0.63 per kg.
- 134 MFish considers that, since SPE2 shows significant variation in the level of catch (under and over caught) on a year to year basis, it will continue to monitor this stock to see why catch is so variable. This stock will be revisited next year, so MFish has decided that the current deemed value rates are appropriate for the time being. Therefore, MFish does not propose an adjustment at this time.

Rig: SPO7

- 135 Rig (SPO7) was included in this review because 120% of ACE was caught in the 2006-07 fishing year. There has also been a slight decrease in the port price from \$3.19 per kg to \$2.82 per kg.
- 136 MFish considers that, since this is the first time this stock has been over caught in the past ten years, it will monitor the situation to see if this is an anomaly or deliberate over fishing. This stock will be revisited next year, so MFish has decided that the

current deemed value rates are appropriate for the time being. Therefore, MFish does not propose an adjustment at this time.

Arrow squid: SQU1T

137 Arrow squid (SQU1T) was included in this review because 101% of ACE was caught and deemed value payments of \$1,562,068 were incurred in the 2006-07 fishing year.

138 Upon further investigation, one company incurred 99.8% of the total deemed value payments (\$1,558,641) during the 2006-07 fishing year. This company has now gone into liquidation. When removing this company from the analysis the remaining amount of deeming is within acceptable levels, so the current deemed value rates are appropriate. Therefore, MFish does not propose an adjustment at this time.

Smooth skate: SSK1

139 Smooth skate (SSK1) was included in this review because 157% of ACE was caught in the 2006-07 fishing year. There has also been a slight decrease in the port price from \$0.39 per kg to \$0.36 per kg.

140 MFish has decided due to a lack of information on this stock, it will monitor the situation in this fishery. This stock will be revisited next year, so the current deemed value rates are appropriate for the time being. Therefore, MFish does not propose an adjustment at this time.

Kina: SUR1A & SUR7A

141 Kina (SUR1A & SUR7A) was included in this review because there has been an increase in the port price of \$0.40 per kg in SUR1A and SUR7A. Also there were discussion around whether kina should be managed as a high value single stock species under the deemed value review standard.

142 MFish considers that, the current port price is not sufficient enough to warrant kina being managed under the high value single stock species section of the deemed value review standard. MFish believes the current deemed value rates provide an incentive for fishers to balance their catch with ACE. Therefore, MFish does not propose an adjustment at this time.

Tarakihi: TAR1 & TAR8

143 Tarakihi (TAR1 & TAR8) was included in this review because when MFish decided when it changed the deemed value rates for these stocks in October 2007 it would revisit these stocks to ensure the new deemed value rates were set at the correct level.

144 MFish considers that the changes made in October 2007 for the 2007-08 fishing year are providing the correct incentives in these fisheries. Therefore, MFish does not propose an adjustment at this time.

Trumpeter: TRU4

145 Trumpeter (TRU4) was included in this review because 107% of ACE was caught; the port price increased by \$0.29 per kg and deemed value payments of \$8,139 were incurred in the 2006-07 fishing year.

- 146 MFish considers that the current deemed value rates are providing the correct incentives in this fishery. Therefore, MFish does not propose an adjustment at this time.

White warehou: WWA4

- 147 White warehou (WWA4) was included in this review because there has been deemed value payments when 9% of ACE remained unused during the 2006-07 fishing year.
- 148 MFish considers that the changes made in October 2007 for the 2007-08 fishing year are providing the correct incentives in this fishery. Therefore, MFish does not propose an adjustment at this time.

Stocks not reviewed

- 149 The remaining 1 October stocks were not reviewed at the deemed value review group meeting. Prior to the meeting, MFish carried out a preliminary review of the data for all 1 October stocks. No other stocks appeared to meet the criteria for a review. However, MFish invites submissions from stakeholders on any 1 October stocks they believe should be part of this review.

Compliance implications

- 150 The proposed changes to the deemed value rates could provide an incentive for commercial fishers to dump or misreport their catch rather than pay the higher deemed value rates. There are indicators that suggest that such offending is occurring in GUR3 covered in this review.
- 151 Dumping and misreporting are serious offences and will be investigated and prosecuted wherever possible. MFish will continue to monitor fishing activities to detect and deter potential dumping. These efforts will be supported by the increased surveillance capability at sea through Project Protector and upgraded aircraft. Likewise, MFish Compliance's activities will continue to include inspections of vessels, landings and transfers, and analysis of returns to detect and deter potential misreporting.

Statutory consideration

- 152 **Section 8** – Section 8 of the Act describes the purpose of the Act as being to provide for the utilisation of fisheries resources while ensuring sustainability. The proposed rates presented will continue to provide for utilisation and will ensure that possible TACC breaches do not occur which could undermine sustainability.
- 153 **Section 9** – Section 9 sets out the environmental principles that should be taken into account when exercising or performing functions, duties or powers under the Act. These principles have been taken into account and MFish is of the view that the proposed rates are consistent with the environmental principles of the Act.
- 154 **Section 10** – Section 10 sets out the information principles that should be taken into account when exercising or performing functions, duties or powers under the Act. The Minister must when considering his decision regarding the proposed rates, also take into account the principles set out in s. 10.
- 155 **Section 75** - Section 75 of the Act sets out the requirements of when and how deemed value rates should be set. MFish considers that the proposed adjustments to the deemed value rates best meet the requirements under this section of the Act.
- 156 **Section 75 (2)(a)** – 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 total of that stock taken by the commercial fisher. MFish considers that the Deemed Value Standard satisfies the requirements under this section of the Act.
- 157 **Section 75 (2)(b)** – Section 75 (2) (b) sets out the matters the Minister may have regard to when setting deemed values. These factors have formed the basis of the content of the information sheets (see Appendix 2). These matters have been considered in the assessment of proposed deemed value adjustments for each stock as set out in the “*Analysis*” section of this IPP.
- 158 **Section 75 (4)** – Section 75 (4) permits the Minister to set different deemed value rates in respect of the same stock which apply to different levels of catch in excess of annual catch entitlement. This is the authority under which differential deemed value rates have been proposed for the some stocks.
- 159 **Section 75 (6)** – Section 75 (6) details the constraints on the Minister when setting deemed value rates. MFish believes these constraints have been duly considered in developing the deemed value rates proposed in this paper.
- 160 **Section 75 (7)** – Section 75 (7) gives the Minister the authority to amend deemed value rates. This is the authority under which the proposed amendments to the deemed value rates are being made for some stocks
- 162 **Section 75A** – The Minister is required when practicable, to conduct consultation prior to setting any interim or annual deemed value rates. MFish will to consult on the proposed deemed values, on behalf of the Minister with persons or organisations that are representative of classes of persons who have an interest in these stocks.

Appendix 1 - Summary of the Guidelines for Setting Deemed Values (2007)

<p>Aim</p>	<p>To set a deemed value rate above the ACE price to encourage fishers to balance catch through the purchase of ACE rather than the payment of deemed values.</p>
<p>When is a deemed value reviewed?</p>	<p>For high value single species stocks, the deemed value rate will be considerably above the ACE price.</p> <p>(1) When a fish stock enters the QMS.</p> <p>(2) If one of the following indicators listed below is met:</p> <ul style="list-style-type: none"> • Catch is in excess of a TACC • Deemed value payments invoiced in the previous fishing year but ACE remained unused • Changes to the port price of the stock • Direct request from SeaFIC on behalf of quota owners • Recent changes to a stock's TACC or the TACC of key bycatch stocks • Stock has recently entered the QMS and the deemed value rate was set using limited information.
<p>How are deemed values set?</p>	<p>Deemed values will be set on a stock by stock basis for all fish stocks apart from those categorised as high value fishstocks.</p>
<p>High value fishstocks</p>	<p>These are high value single species stocks: paua, rock lobster, scallops, oysters and eels.</p>
<p>Information sources used</p>	<p>Deemed values set following analysis of the following information sources:</p> <ol style="list-style-type: none"> 1. Port price 2. ACE trading price 3. Export prices as a proxy for market value (where appropriate) 4. Bycatch information (ratios and shadow values) 5. Review of previous deemed value payments 6. Cost recovery levy rates
<p>Annual deemed values</p>	<p>Set at 200% of the highest port price.</p>
<p>Interim deemed values</p>	<p>Greater flexibility in setting interim deemed value rates. Interim deemed values will continue to be set at 50% of the annual deemed value as standard, but higher interim values may be used to ensure regular balancing</p>
<p>Differential deemed values</p>	<p>Differential deemed values maintained but flexibility in when and how they are applied.</p>

All other Fish stocks	The goal is to set the deemed values set on a stock by stock basis using the best available information for that stock. The goal will be to set the deemed value rate at some level above the marginal price of ACE.
Information sources used	Deemed values set following analysis of the following information sources <ol style="list-style-type: none"> 1. Port price 2. ACE trading price 3. Export prices as a proxy for market value (where appropriate) 4. Bycatch information (ratios and shadow values) 5. Review of previous deemed value payments 6. Cost recovery levy rates
Annual deemed values	Annual deemed value set above the ACE price.
Interim deemed values	Greater flexibility in setting interim deemed value rates. Interim deemed values will not automatically be set at 50% of the annual deemed value as standard.
Differential deemed values	Differential deemed values maintained but flexibility in when and how they are applied.

Appendix 2 – Information sheets

Deemed Value Review 2008: BCO3

Blue cod is predominantly an inshore domestic fishery with very little deepwater catch. The BCO3 commercial catch is dominated by the target pot fishery, although blue cod is also taken as a small bycatch of the inshore trawl fisheries operating within BCO3. Most of the catch from BCO3 is taken in the southern area of the fishstock (statistical area 024).

A. Overview:

Current deemed value rates:

Interim: \$1.63/kg

Annual: \$3.25/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

BCO3:

Criteria	BCO3
a) Catch in excess of ACE	Yes – 106% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$49,779 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$2.94 to \$3.81 (an increase of \$0.87)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BCO3 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species¹

BCO3 is a target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past. Since potting for blue cod does not have any bycatch issues no review of associated species is necessary.

¹ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

C.2 Assessment and analysis of information sources:

Information source	BCO3	
Port price 06/07	BCO3	\$2.94
Port price 07/08	BCO3	\$3.81
ACE trading price (most recent fishing year)	BCO3	\$1.3823/kg
Export price data*	BCO	\$3.03
Bycatch: ratios	Not applicable	
Bycatch: shadow values	Not applicable	
Previous deemed value invoices**	BCO3	\$49,779
Cost recovery levies	BCO3	\$0.0710/kg

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- BCO3 is both a target fishery and a bycatch of the mixed inshore trawl fishery in QMA3. It was over fished in the 2006/2007 fishing year and has been over fished in the last five fishing seasons.
- The port price for BCO3 has increased from \$2.94 per kg to \$3.81 per kg pushing port price above the current annual deemed value.
- Two companies were responsible for 72% of the total deemed value invoices in BCO3 for the 2006/2007 fishing year.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Bluenose (BNS1, BNS2, BNS3, BNS7, BNS8 & BNS10)

The most important domestic bluenose trawl fisheries occur off the Wairarapa Coast (BNS2), where bluenose is a major bycatch in the alfonso and gemfish target trawl fisheries, and a lesser component in other trawl fisheries. There is substantial targeting of bluenose by the line fishery in the Bay of Plenty and off Northland (BNS1). Line fisheries for bluenose also exist in BNS2 north and east of East Cape and to the west of Cook Strait in BNS7 and BNS8. About half of the BNS2 catch is taken by longline and the remainder by bottom trawl. There is a developing fishery for bluenose on the Chatham Rise using both trawl and line gear. About two thirds of BNS3 landings are taken as a bycatch in the hoki bottom trawl and ling longline fisheries. Bluenose supports a small target line fishery off the Wairarapa Coast and a small amount of target setnet fishing for bluenose occurs in the Bay of Plenty and off the east and south coasts of the South Island.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BNS1	1.19	2.37
BNS2	1.50	3.00
BNS3	1.19	2.38
BNS7	0.82	1.64
BNS8	1.03	2.06
BNS10	0.87	1.73

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

BNS1:

Criteria	BNS1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$96 were issued when 33% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.15 to \$4.70 (an increase of \$0.55)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BNS2:

Criteria	BNS2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1,600 were issued when 11% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$3.57 to \$3.74 (an increase of \$0.17)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No

f) Stock has recently entered the QMS No

BNS3:

Criteria	BNS3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$13 were issued when 50% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has decreased from \$3.76 to \$3.74 (a decrease of \$0.02)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BNS7:

Criteria	BNS7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$11,093 were issued when 1% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has decreased from \$2.78 to \$2.52 (a decrease of \$0.26)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BNS8:

Criteria	BNS8
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$119 were issued when 54% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has decreased from \$4.10 to \$3.74 (an increase of \$0.36)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BNS10:

Criteria	BNS10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC	No

or the TACC of key bycatch stocks
 f) Stock has recently entered the QMS No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	BNS1		BNS2		BNS3	
Port price 06/07	BNS1	\$4.15	BNS2	\$3.57	BNS3	\$3.76
Port price 07/08	BNS1	\$4.70	BNS2	\$3.74	BNS3	\$3.74
ACE trading price (most recent fishing year)	BNS1	\$1.4098/kg	BNS2	\$1.9018/kg	BNS3	\$0.7026/kg
Export price data*	BNS	\$7.37	BNS	\$7.37	BNS	\$7.37
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	BNS1	\$96	BNS2	\$1,600	BNS3	\$12
Cost recovery levies	BNS1	\$0.1161/kg	BNS2	\$0.0849/kg	BNS3	\$0.0871/kg

Information source	BNS7		BNS8		BNS10	
Port price 06/07	BNS7	\$2.78	BNS8	\$4.10	BNS10	N/A
Port price 07/08	BNS7	\$2.52	BNS8	\$3.74	BNS10	N/A
ACE trading price (most recent fishing year)	BNS7	\$0.7160/kg	BNS8	\$1.1540/kg	BNS10	No valid trades
Export price data*	BNS	\$7.37	BNS	\$7.37	BNS	\$7.37
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	BNS7	\$11,903	BNS8	\$119	BNS10	N/A
Cost recovery levies	BNS7	\$0.0588/kg	BNS8	\$0.0869/kg	BNS10	N/A

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- Bluenose (BNS) is an important commercial species and is caught in significant quantities in all regions of New Zealand.
- New scientific information and advice has suggested that the current level of exploitation of BNS stocks is unsustainable.
- The proposed TACC adjustment (if the Minister agrees) is to decrease the TACC for all BNS stocks.
- These are the main drivers for considering if a deemed value review is appropriate. If the TACC is reduced then a deemed value adjustment is likely necessary so that the new TACC is protected.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: GUR3

Red gurnard are a major bycatch of inshore trawl fisheries in most areas of New Zealand, including fisheries for red cod in the southern regions, and flatfish on the west coast of the South Island and in Tasman Bay. They are also directly targeted in some areas.

A. Overview:

Current deemed value rates:

Interim: \$0.80/kg

Annual: \$1.60/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

GUR3:

Criteria	GUR3
a) Catch in excess of ACE	Yes – 124% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$216,356 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.09 to \$1.71 (an increase of \$0.62)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

GUR3 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species²

GUR3 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in GUR3 on other QMA3 stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	GUR3	
Port price 06/07	GUR3	\$1.09
Port price 07/08	GUR3	\$1.71

² See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

ACE trading price (most recent fishing year)	GUR3	\$0.5028/kg
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Export price data*	GUR	\$9.33
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Bycatch: ratios	Not applicable	
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Bycatch: shadow values	Not applicable	
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Previous deemed value invoices**	GUR3	\$216,356
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Cost recovery levies	GUR3	\$0.0321/kg
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* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- There is strong evidence of dumping occurring in GUR3. Fishers are choosing to dump gurnard because of the differential prices being paid to fishers for different sizes of gurnard.
- This is the main driver for including GUR3 on the review list – it is still unclear if a deemed value adjustment is the most appropriate management intervention given the incentives operating in the fishery.
- The highest deemed value invoice for one company was \$32,983 which is 15% of the total deemed value invoices for the 2006/2007 fishing year.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: KIN7 & KIN8

Kingfish are reported largely as non-target catch of inshore setnet, trawl, purse seine and longline fisheries.

A. Overview:

Current deemed value rates:

Interim: \$4.45/kg

Annual: \$8.90/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

KIN7:

Criteria	KIN7
a) Catch in excess of ACE	Yes – 178% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$71,292 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.88 to \$5.33 (an increase of \$3.45)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

KIN7 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

KIN8:

Criteria	KIN8
a) Catch in excess of ACE	Yes – 104% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$30,809 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.31 to \$5.33 (an increase of \$1.02)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

KIN8 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species³

KIN7 and KIN8 are predominantly bycatch fisheries and therefore at this stage a full review of

³ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

associated species is not required. However, the implications of a deemed value change in KIN7 and KIN8 on other QMA7 and QMA8 stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	KIN7		KIN8	
Port price 06/07	KIN7	\$1.88	KIN8	\$4.31
Port price 07/08	KIN7	\$5.33	KIN8	\$5.33
ACE trading price (most recent fishing year)	KIN7	\$3.9324/kg	KIN8	\$4.8703/kg
Export price data*	KIN	\$10.62	KIN	\$10.62
Bycatch: ratios	Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable	
Previous deemed value invoices***	KIN7	\$71,292	KIN8	\$30,809
Cost recovery levies	KIN7	\$0.0955/kg	KIN8	\$0.2262/kg

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- KIN7 is a bycatch of the mixed inshore trawl, setnet, longline and purse seine fishery in QMA7. It was over fished in the 2006/2007 fishing year and has been over fished in the last three fishing seasons.
- The port price for KIN7 has increased significantly from \$1.88 per kg to \$5.33 per kg.
- Two companies were responsible for 86% of the total deemed value invoices in KIN7 for the 2006/2007 fishing year.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Parore (PAR1, PAR2, PAR9 & PAR10)

Parore is principally caught as a bycatch in the grey mullet, flatfish and trevally setnet fisheries in northern New Zealand. Most of the catch comes from eastern Northland and the Firth of Thames (PAR1) and the Kaipara and Manukau Harbours (PAR9).

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
PAR1	0.16	0.31
PAR2	0.16	0.31
PAR9	0.16	0.31
PAR10	0.17	0.34

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

PAR1:

Criteria	PAR1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1,894 were issued when 19% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.53 to \$1.78 (an increase of \$0.25)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAR2:

Criteria	PAR2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$10 were issued when 98% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.69 to \$1.82 (an increase of \$1.13)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAR9:

Criteria	PAR9
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$301 were issued when 57% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the	Yes – port price has increased from \$1.45 to \$1.82

stock	(an increase of \$0.37)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAR10:

Criteria	PAR10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	PAR1	PAR2	PAR9
Port price 06/07	PAR1 \$1.53	PAR2 \$0.69	PAR9 \$1.45
Port price 07/08	PAR1 \$1.78	PAR2 \$1.82	PAR9 \$1.82
ACE trading price (most recent fishing year)	PAR1 \$0.2372/kg	PAR2 No valid trades	PAR9 \$0.2546/kg
Export price data*	PAR N/A	PAR N/A	PAR N/A
Bycatch: ratios	Not applicable	Not applicable	Not applicable
Bycatch: shadow values	Not applicable	Not applicable	Not applicable
Previous deemed value invoices***	PAR1 \$1,894	PAR2 \$10	PAR9 \$301
Cost recovery levies	PAR1 \$0.0318/kg	PAR2 N/A	PAR9 \$0.0325/kg

Information source	PAR10
Port price 06/07	PAR10 N/A
Port price 07/08	PAR10 N/A
ACE trading price (most recent fishing year)	PAR10 N/A

Export price data*	PAR	N/A
Bycatch: ratios	Not applicable	
Bycatch: shadow values	Not applicable	
Previous deemed value invoices**	PAR10	\$0
Cost recovery levies	PAR10	N/A

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- The port price for PAR1, PAR2 and PAR9 have all increased pushing them further above the annual deemed value rate.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Paua (PAU1, PAU2, PAU3, PAU4, PAU5A, PAU5B, PAU5D, PAU6, PAU7 & PAU10)

Paua inhabit shallow waters (generally less than 6m) off the coastline of New Zealand. Fishers gather paua by hand while free diving (use of underwater breathing apparatus is not permitted). Virtually the entire commercial fishery is for the black-footed paua, *Haliotis iris*, with a minimum legal size for harvesting of 125 mm shell length. There is also a large recreational fishery for paua.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
PAU1	30.00	60.00
PAU2	30.00	60.00
PAU3	30.00	60.00
PAU4	30.00	60.00
PAU5A	30.00	60.00
PAU5B	30.00	60.00
PAU5D	30.00	60.00
PAU6	30.00	60.00
PAU7	30.00	60.00
PAU10	30.00	60.00

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

PAU1:

Criteria	PAU1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1,200 were issued when 61% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU2:

Criteria	PAU2
a) Catch in excess of ACE	Yes – 100.01% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$900 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU3:

Criteria	PAU3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU4:

Criteria	PAU4
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$3,900 were issued when 1% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU5A:

Criteria	PAU5A
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$960 were issued when 30% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU5B:

Criteria	PAU5B
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$20,460 were issued when 1% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU5D:

Criteria	PAU5D
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU6:

Criteria	PAU6
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU7:

Criteria	PAU7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$300 were issued when 6% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

PAU10:

Criteria	PAU10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$37.01 to \$44.39 (an increase of \$7.38)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	PAU1		PAU2		PAU3	
Port price 06/07	PAU1	\$37.01	PAU2	\$37.01	PAU3	\$37.01
Port price 07/08	PAU1	\$44.39	PAU2	\$44.39	PAU3	\$44.39
ACE trading price (most recent fishing year)	PAU1	No valid trades	PAU2	\$28.044/kg	PAU3	No valid trades
Export price data*	PAU	\$64.84	PAU	\$64.84	PAU	\$64.84
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	PAU1	\$1,200	PAU2	\$900	PAU3	\$0
Cost recovery levies	PAU1	\$0.8174/kg	PAU2	\$1.0857/kg	PAU3	\$1.0857/kg
Information source	PAU4		PAU5A		PAU5B	
Port price 06/07	PAU4	\$37.01	PAU5A	\$37.01	PAU5B	\$37.01
Port price 07/08	PAU4	\$44.39	PAU5A	\$44.39	PAU5B	\$44.39
ACE trading price (most recent fishing year)	PAU4	\$29.207/kg	PAU5A	\$28.161/kg	PAU5B	\$28.087/kg
Export price data*	PAU	\$64.84	PAU	\$64.84	PAU	\$64.84
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	PAU4	\$3900	PAU5A	\$960	PAU5B	\$20,460
Cost recovery levies	PAU4	\$0.8741/kg	PAU5A	\$2.0125/kg	PAU5B	\$0.9127/kg
Information source	PAU5D		PAU6		PAU7	
Port price 06/07	PAU5D	\$37.01	PAU6	\$37.01	PAU7	\$37.01
Port price 07/08	PAU5D	\$44.39	PAU6	\$44.39	PAU7	\$44.39

ACE trading price (most recent fishing year)	PAU5D	\$28.769/kg	PAU6	No valid trades	PAU7	\$33.073/kg
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Export price data*	PAU	\$64.84	PAU	\$64.84	PAU	\$64.84
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Bycatch: ratios	Not applicable		Not applicable		Not applicable	
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Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
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Previous deemed value invoices**	PAU5D	\$0	PAU6	\$0	PAU7	\$300
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Cost recovery levies	PAU5D	\$0.8990/kg	PAU6	\$0.8174/kg	PAU7	\$1.1656/kg
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Information source	PAU10	
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Port price 06/07	PAU10	N/A
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Port price 07/08	PAU10	N/A
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ACE trading price (most recent fishing year)	PAU10	No valid trades
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Export price data*	PAU	\$64.84
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Bycatch: ratios	Not applicable	
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Bycatch: shadow values	Not applicable	
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Previous deemed value invoices**	PAU10	\$0
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Cost recovery levies	PAU10	\$0.7980/kg
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* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- The deemed value rates for paua have historically been set using the strategy for a high value single stock species. This strategy sets the annual deemed value rate at twice the port price of this species to discourage fishing on deemed values and to balance catch with ACE.
- The port price for all paua stocks has increased from \$37.01 per kg to \$44.39 per kg. Therefore, MFish considers it necessary to review the deemed value for all paua stocks to take into account this increase in port price.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Porae (POR1, POR2, POR3 & POR10)

Porae is principally caught as a bycatch in inshore setnet fisheries in northern New Zealand. It is generally taken in association with snapper and trevally in east Northland and Coromandel, and tarakihi and blue moki around Gisborne.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
POR1	0.68	1.35
POR2	0.35	0.69
POR3	0.68	1.35
POR10	0.68	1.35

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

POR1:

Criteria	POR1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$3,140 were issued when 4% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.99 to \$2.14 (an increase of \$0.15)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

POR2:

Criteria	POR2
a) Catch in excess of ACE	Yes – 135% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$2,108 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.83 to \$2.15 (an increase of \$0.32)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

POR3:

Criteria	POR3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1 were issued when 99% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the	Yes – port price has increased from \$1.99 to \$2.15

stock	(an increase of \$0.16)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

POR10:

Criteria	POR10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	POR1		POR2		POR3	
Port price 06/07	POR1	\$1.99	POR2	\$1.83	POR3	\$1.99
Port price 07/08	POR1	\$2.14	POR2	\$2.15	POR3	\$2.15
ACE trading price (most recent fishing year)	POR1	\$0.4204/kg	POR2	No valid trades	POR3	No valid trades
Export price data*	POR	N/A	POR	N/A	POR	N/A
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	POR1	\$3,140	POR2	\$2,108	POR3	\$1
Cost recovery levies	POR1	\$0.0390/kg	POR2	N/A	POR3	N/A

Information source	POR10	
Port price 06/07	POR10	N/A
Port price 07/08	POR10	N/A
ACE trading price (most recent fishing year)	POR10	\$0.3076/kg

Export price data*	POR	N/A
Bycatch: ratios	Not applicable	
Bycatch: shadow values	Not applicable	
Previous deemed value invoices**	POR10	\$0
Cost recovery levies	POR10	N/A

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- POR2 was over fished for the first time during the 2006/2007 fishing year.
- One company was responsible for 70.6% of the total deemed value invoices in POR2 for the 2006/2007 fishing year.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Ribaldo (RIB3, RIB4, RIB5, RIB6 & RIB7)

In New Zealand ribaldo is caught on bottom longlines and as a bycatch to trawling.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
RIB3	0.15	0.30
RIB4	0.15	0.30
RIB5	0.03	0.06
RIB6	0.40	0.80
RIB7	0.40	0.80

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

RIB3:

Criteria	RIB3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$5 were issued when 65% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RIB4:

Criteria	RIB4
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$40 were issued when 18% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RIB5:

Criteria	RIB5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the	No

stock	
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RIB6:

Criteria	RIB6
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RIB7:

Criteria	RIB7
a) Catch in excess of ACE	Yes – 122% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$67,350 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	RIB3		RIB4		RIB5	
Port price 06/07	RIB3	\$1.00	RIB4	\$1.06	RIB5	\$1.06
Port price 07/08	RIB3	\$1.00	RIB4	\$1.06	RIB5	\$1.06
ACE trading price (most recent fishing year)	RIB3	\$0.1199/kg	RIB4	\$0.1293/kg	RIB5	\$0.0362/kg
Export price data*	RIB	N/A	RIB	N/A	RIB	N/A
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	RIB3	\$5	RIB4	\$40	RIB5	\$0

Cost recovery levies	RIB3	\$0.0392/kg	RIB4	\$0.0392/kg	RIB5	\$0.0392/kg
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Information source	RIB6		RIB7	
Port price 06/07	RIB6	\$1.06	RIB7	\$1.06
Port price 07/08	RIB6	\$1.06	RIB7	\$1.06

ACE trading price (most recent fishing year)	RIB6	\$0.4572/kg	RIB7	\$0.1851/kg
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Export price data*	RIB	N/A	RIB	N/A
Bycatch: ratios	Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable	
Previous deemed value invoices**	RIB6	\$0	RIB7	\$67,350

Cost recovery levies	RIB6	\$0.0389/kg	RIB7	\$0.0387/kg
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* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- RIB7 was over fished in the 2006/2007 fishing year and has been over fished in the last eight fishing seasons.
- Three companies were responsible for 93% of the total deemed value invoices in RIB7 for the 2006/2007 fishing year. One of those companies has now gone into liquidation.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Rough skate (RSK1, RSK3, RSK7, RSK8 & RSK10)

Rough skate occur throughout New Zealand, but are most abundant around the South Island in depths down to 500 m. Most of the catch is taken as bycatch by bottom trawlers, but skates are also taken by longliners.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
RSK1	0.22	0.23
RSK3	0.22	0.30
RSK7	0.22	0.44
RSK8	0.22	0.44
RSK10	0.22	0.44

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

RSK1:

Criteria	RSK1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$564 were issued at the end of the 2005/2006 fishing season when 17% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has decreased from \$0.30 to \$0.37 (a decrease of \$0.07)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RSK3:

Criteria	RSK3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1,520 were issued at the end of the 2006/2007 fishing season when 17% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has decreased from \$0.38 to \$0.37 (a decrease of \$0.01)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RSK7:

Criteria	RSK7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$2,095 were issued at the end of the 2006/2007 fishing season when 44% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has decreased from \$0.38 to \$0.37 (a decrease of \$0.01)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RSK8:

Criteria	RSK8
a) Catch in excess of ACE	Yes – 164% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$7,156 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has decreased from \$0.38 to \$0.33 (a decrease of \$0.05)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

RSK10:

Criteria	RSK10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	RSK1		RSK3		RSK7	
Port price 06/07	RSK1	\$0.30	RSK3	\$0.38	RSK7	\$0.38
Port price 07/08	RSK1	\$0.37	RSK3	\$0.37	RSK7	\$0.37
ACE trading price (most recent fishing year)	RSK1	0.0899/kg	RSK3	\$0.1292/kg	RSK7	\$0.1638/kg
Export price data*	RSK	N/A	RSK	N/A	RSK	N/A
Bycatch: ratios	Not applicable		Not applicable		Not applicable	

Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	RSK1	\$564	RSK3	\$1,520	RSK7	\$2,095
Cost recovery levies	RSK1	\$0.0067/kg	RSK3	\$0.0068/kg	RSK7	\$0.0068/kg

Information source	RSK8		RSK10	
Port price 06/07	RSK8	\$0.38	RSK10	N/A
Port price 07/08	RSK8	\$0.33	RSK10	N/A
ACE trading price (most recent fishing year)	RSK8	\$0.1451/kg	RSK10	N/A
Export price data*	RSK	N/A	RSK	N/A
Bycatch: ratios	Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable	
Previous deemed value invoices**	RSK8	\$7,156	RSK10	\$0
Cost recovery levies	RSK8	N/A	RSK10	N/A

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- Three companies were invoiced 70.5% (\$5,045) of the total \$7,156 deemed value payments for RSK8 in the 2006/2007 fishing year. The largest single deemed value invoice was for \$2,325 (32.5% of the total deemed value invoices).

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: SKI1 and SKI2

Gemfish are caught in coastal waters around mainland New Zealand down to about 550m. Most of the recorded catch is taken by trawlers. Target fisheries have continued off the eastern and northern coasts of the North Island.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SKI1	1.32	2.64
SKI2	0.88	1.75

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	SKI1
a) Catch in excess of ACE	Yes – 102% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$31,082 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – the port price for SKI1 has decreased from \$2.42 to \$1.54 (a decrease of \$0.88)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SKI1 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

Criteria	SKI2
a) Catch in excess of ACE	Yes – 123% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$113,697 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – the port price for SKI2 has decreased from \$3.14 to \$1.54 (a decrease of \$1.60)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SKI2 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species⁴

SKI2 is a target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant

⁴ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

quantities of fish deemed in the past.

BNS2:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BNS2	1.50	3.00

Differential deemed values apply.

Criteria	BNS2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,600 were issued at the end of the 2006/2007 fishing season when 11% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has increased from \$3.57 to \$3.74 (an increase of \$0.17)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes - In the 2004/2005 fishing year the TACC was increased by 175 tonnes
f) Stock has recently entered the QMS	No

BNS2 is undergoing its own review with the other BNS stocks. See relevant section for more details.

C.2 Assessment and analysis of information sources:

Information source	SKI1	SKI2	BNS2
Port price 06/07	SKI1 \$2.42	SKI2 \$3.14	BNS2 \$3.57
Port price 07/08	SKI1 \$1.54	SKI2 \$1.54	BNS2 \$3.74
ACE trading price (most recent fishing year)	SKI1 \$1.1217/kg	SKI2 \$0.6065/kg	BNS2 \$1.9081/kg
Export price data*	SKI \$3.94	SKI \$3.94	BNS \$7.37
Bycatch: ratios	Not applicable	Not applicable	Not applicable
Bycatch: shadow values	Not applicable	Not applicable	Not applicable
Previous deemed value invoices**	SKI1 \$31,082	SKI2 \$113,697	BNS2 \$1,600
Cost recovery levies	SKI1 \$0.1935/kg	SKI2 \$0.2386/kg	BNS2 \$0.0849/kg

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- SKI2 is both a target fishery and a bycatch of the TAR2 trawl fishery. It was over fished in the 2006/2007 fishing year and has been over fished in five of the last six fishing seasons. Over catch has ranged from 8% to 30%.

- However, the port price has decreased from \$3.14 to \$1.54. This has pushed the annual deemed value rate above the current port price. If the annual deemed value is greater than port price this may create an incentive to misreport or dump fish.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: Sea perch (SPE1, SPE2, SPE3, SPE4, SPE5, SPE6, SPE7, SPE8, SPE9 & SPE10)

Sea perch are widely distributed around most of New Zealand, but are rare on the Campbell Plateau. They inhabit waters ranging from the shoreline to 1200 m, but are most common between 150 and 500 m.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPE1	0.23	0.45
SPE2	0.04	0.07
SPE3	0.03	0.06
SPE4	0.04	0.08
SPE5	0.12	0.24
SPE6	0.12	0.24
SPE7	0.04	0.08
SPE8	0.12	0.24
SPE9	0.12	0.24
SPE10	0.12	0.24

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

SPE1:

Criteria	SPE1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$347 were issued when 11% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE2:

Criteria	SPE2
a) Catch in excess of ACE	Yes – 118% of ACE was caught during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$1,176 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE3:

Criteria	SPE3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$698 were issued when 53% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.58 to \$0.61 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE4:

Criteria	SPE4
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$34 were issued when 41% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE5:

Criteria	SPE5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$100 were issued when 26% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE6:

Criteria	SPE6
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE7:

Criteria	SPE7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$446 were issued when 23% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.61 (an increase of \$0.01)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE8:

Criteria	SPE8
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$3 were issued when 85% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$1.76 (an increase of \$1.16)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE9:

Criteria	SPE9
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$2 were issued when 66% of ACE was unused at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.60 to \$0.63 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SPE10:

Criteria	SPE10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Assessment and analysis of information sources:

Information source	SPE1		SPE2		SPE3	
Port price 06/07	SPE1	\$0.60	SPE2	\$0.60	SPE3	\$0.58
Port price 07/08	SPE1	\$0.63	SPE2	\$0.63	SPE3	\$0.61
ACE trading price (most recent fishing year)	SPE1	\$0.1509/kg	SPE2	\$0.0345/kg	SPE3	\$0.0437/kg
Export price data*	SPE	N/A	SPE	N/A	SPE	N/A
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	SPE1	\$347	SPE2	\$1,176	SPE3	\$698
Cost recovery levies	SPE1	N/A	SPE2	N/A	SPE3	\$0.0360/kg
Information source	SPE4		SPE5		SPE6	
Port price 06/07	SPE4	\$0.60	SPE5	\$0.60	SPE6	\$0.60
Port price 07/08	SPE4	\$0.63	SPE5	\$0.63	SPE6	\$0.63
ACE trading price (most recent fishing year)	SPE4	\$0.0512/kg	SPE5	\$0.0946/kg	SPE6	\$0.0743/kg
Export price data*	SPE	N/A	SPE	N/A	SPE	N/A
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	SPE4	\$35	SPE5	\$100	SPE6	N/A
Cost recovery levies	SPE4	\$0.0117/kg	SPE5	N/A	SPE6	N/A
Information source	SPE7		SPE8		SPE9	
Port price 06/07	SPE7	\$0.60	SPE8	\$0.60	SPE9	\$0.60
Port price 07/08	SPE7	\$0.61	SPE8	\$1.76	SPE9	\$0.63

ACE trading price (most recent fishing year)	SPE7	\$0.0499/kg	SPE8	\$0.0852/kg	SPE9	\$0.0759/kg
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Export price data*	SPE	N/A	SPE	N/A	SPE	N/A
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Bycatch: ratios	Not applicable		Not applicable		Not applicable	
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Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
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Previous deemed value invoices**	SPE7	\$446	SPE8	\$3	SPE9	\$2
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Cost recovery levies	SPE7	N/A	SPE8	N/A	SPE9	N/A
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Information source	SPE10	
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Port price 06/07	SPE10	N/A
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Port price 07/08	SPE10	N/A
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ACE trading price (most recent fishing year)	SPE10	No valid trades
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Export price data*	SPE	N/A
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Bycatch: ratios	Not applicable	
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Bycatch: shadow values	Not applicable	
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Previous deemed value invoices**	SPE10	\$0
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Cost recovery levies	SPE10	N/A
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* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- The port price for SPE8 has increased from \$0.60 per kg to \$1.76 per kg. Therefore, MFish considers it necessary to review the deemed value for all paua stocks to take into account this increase in port price.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: SPO2

Rig is caught in coastal waters throughout New Zealand. Most of the catch is taken from water less than 50 m deep during spring and summer, when rig aggregate inshore.

A. Overview:

Current deemed value rates:

Interim: \$1.35/kg

Annual: \$2.70/kg

Differential deemed values do not apply.

Key target stocks: Elephant Fish, School Shark & Spiny Dogfish.

B. Criteria for determining if a review is appropriate:

Criteria	SPO2
a) Catch in excess of ACE	Yes – SPO2 was over caught by 114% during the 2006/2007 fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for SPO2 of \$36,241 were issued at the end of the 2006/2007 fishing season
c) Changes to the port price of the stock	Yes – the port price for SPO2 has decreased from \$3.19 to \$2.82 (a decrease of \$0.37)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Rig fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species⁵

SPO2 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in SPO2 on other SPO stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	SPO2	
Port price 06/07	SPO2	\$3.19
Port price 07/08	SPO2	\$2.82

ACE trading price (most recent fishing year)	SPO2	\$1.1431/kg
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Export price	SPO	\$4.94
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⁵ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

data*

Bycatch: ratios Not applicable

Bycatch: shadow values Not applicable

Previous deemed value invoices** SPO2 \$36,241

Cost recovery levies SPO2 \$0.0845/kg

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- Two companies were invoiced 83.5% (\$30,254) of the total \$36,241 deemed value payments for the 2006/2007 fishing year. The largest single deemed value invoice was for \$17,057 (47% of the total deemed value invoices).
- A decrease in the port price (\$2.82) of SPO2 means it is just above the annual deemed value rate (\$2.70). This means it is not profitable for fishers to catch SPO2 and pay the deemed values rather than balancing with ACE. This coupled with the differential deemed values means that it is not economic to fish beyond ACE holdings. This may be providing an incentive to fishers to dump excess SPO2 than landing it.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.

Deemed Value Review 2008: SWO1

Swordfish (SWO) are primarily caught in the tuna longline fishery as a bycatch when targeting bigeye and to a lesser extent when targeting southern bluefin tunas. Since the introduction of SWO into the QMS some fishers have been trying to establish a target fishery.

A. Overview:

Current deemed value rates:

Interim: \$2.13/kg

Annual: \$4.25/kg

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	SWO1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,156 were issued at the end of the 2006/2007 fishing season when 42% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has increased from \$6.11 to \$6.51 (an increase of \$0.40)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

Swordfish fulfils criteria b), c) and f) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species⁶

SWO1 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. Since the swordfish fishery consists of only one stock there are no issues for neighbouring stocks.

C.2 Assessment and analysis of information sources:

Information source	Swordfish	
Port price 06/07	SWO1	\$6.11
Port price 07/08	SWO1	\$6.51
ACE trading price (most recent fishing year)	SWO1	\$1.0571/kg
Export price data*	SWO	\$2.39
Bycatch: ratios	SWO	N/A

⁶ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Bycatch: shadow values	SWO	N/A
Previous deemed value invoices**	SWO1	\$1,156
Cost recovery levies	SWO1	\$0.3328/kg

* Export price data for year ending December 2007

** Deemed value invoices issue for fishing in excess of ACE holdings for 2006-07 fishing season.

Key points:

- The amount of swordfish deemed at the end of the last years fishing season is relatively low but is unexpected give that 42% of ACE was left unused at the end of the fishing season
- SWO quota shares were tendered by the crown in February 2006. Two fishers managed to secure the bulk of these quota shares meaning that many small tuna fishers were not able to purchase quota for their bycatch species. It is these two fishers who are currently developing the target fishery for swordfish. This has led to competition for quota and ACE between the target fishers and the tuna fishers who require ACE to cover the swordfish they take as a bycatch when they are targeting bigeye tuna or southern bluefin tuna. This in turn has resulted in changes to fishing behaviour that were not anticipated when SWO was introduced in the QMS on 1 October 2004.
- The issue with SWO1 is ultimately one of utilisation – bycatch fishers who missed out on quota when it was tendered cannot source ACE and the cost of paying deemed values are, in their opinion, prohibitive. This means that SWO is not being landed and the value from the fishery is not being realised. However, SWO fishers should be aware that dumping is an offence.
- There is a concern that the overall value of the fishery will decrease if SWO1 ACE is not available to cover the bycatch of SWO. It is likely that the high deemed value rates are distorting the ACE market by driving ACE prices up so that they are at a level with deemed values. This is the main driver for considering if a deemed value review is appropriate.
- There is a perception that lowering the deemed value rate will help rationalise the fishery and provide opportunities for value maximisation at the same time. The issue is if this is an appropriate role for government.
- Swordfish (SWO) are on the 6th Schedule of the Fisheries Act. A commercial fisher may return any swordfish to the waters from which it was taken if –
 - (a) that swordfish is likely to survive on return; and
 - (b) the return takes place as soon as practicable after the swordfish is taken; and
 - (c) that swordfish has a lower jaw to fork length of less than 1.25m.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Monday 5 May 2008.