



Ministry of
Fisheries
Te Tautiaki i nga tini a Tangaroa

Review of Deemed value rates for selected fish stocks for the October 2009 Sustainability Round

Final Advice Paper

1 September 2009



REVIEW OF DEEMED VALUE RATES FOR SELECTED FISH STOCKS FOR THE OCTOBER 2009 SUSTAINABILITY ROUND: FINAL ADVICE PAPER

Purpose

- 1 This paper presents the Ministry of Fisheries (MFish) recommendations for deemed value rates for selected fish stocks for the 2009-10 fishing season (for the fishing year commencing 1 October 2009).

Executive summary

- 2 Under s 75 (1) of the Act you are 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. Other sections of Section 75 provide details on mandatory and permissive considerations in setting deemed values.
- 3 An outline of other relevant provisions of the Fisheries Act is provided at the end of this paper.
- 4 The deemed value standard (the standard) has been used to review the appropriateness of the incentives under the current deemed value rates as part of this sustainability round. The standard provides guidance but you are not bound by it and all deemed value decisions are made under the s 75 of the Act.
- 5 Tables 1, 2, 3 and 4 summarise MFish recommendations for deemed value changes.

Table 1: QMA10 stocks recommended for changes

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Kermadecs (QMA10)	BAR10, BCO10, BYX10, ELE10, FRO10, HOK10, JDO10, KAH10, MOK10, ORH10, PAD10, PAR10, PAU10, SCH10, SKI10, SPO10, STA10, SWA10, TAR10, TRE10 & WAR10	Set at the highest annual deemed value rate from either QMA1 or QMA2 for that species	Set at the highest interim deemed value rate from either QMA1 or QMA2 for that species	Adjusted/Introduce standard differential deemed value rates if differentials are used in QMA1 or QMA2 for that species

Table 2: Inshore stocks recommended for changes

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Snapper	SNA2	Increased to \$5.60 per kg	Increased to \$4.60 per kg	Adjusted to match annual rate
Anchovy	All ANC stocks	No change	No change	Introduce differential deemed values
Pilchard	All PIL stocks	No change	No change	Introduce differential deemed values
Sprat	All SPR stocks	No change	No change	Introduce differential deemed values
Bluenose	BNS2	Increased to \$4.00 per kg	Increased to \$2.00 per kg	Adjusted to match annual rate
Dark Ghostshark	GSH3 & GSH6	Increased to \$0.15 per kg	Increased to \$0.08 per kg	Introduce differential deemed values
Dark Ghostshark	GSH10	Increased to \$0.43 per kg	Increased to \$0.22 per kg	Introduce differential deemed values
Dark Ghostshark	All remaining GSH stocks	No change	No change	Introduce differential deemed values
Pale Ghostshark	GSP1 & GSP5	Increased to \$0.15 per kg	Increased to \$0.08 per kg	Introduce differential deemed values
Pale Ghostshark	GSP7	No change	No change	Introduce differential deemed values
Spiny Dogfish	All SPD stocks	Increased to \$0.10 per kg	Increased to \$0.05 per kg	No change
Sea Perch	SPE2, SPE3, SPE4 & SPE7	Increased to \$0.15 per kg	Increased to \$0.08 per kg	Introduce differential deemed values
Sea Perch	SPE10	Increased to \$0.45 per kg	Increased to \$0.23 per kg	No change
Blue Cod	BCO3	No change	No change	Introduce non-standard differential deemed values
Blue Cod	BCO4 (non Chatham Islands)	Increased to \$3.75 per kg	Increased to \$2.50 per kg	Introduce non-standard differential deemed values
Blue Cod	BCO4 (Chatham Islands)	Increased to \$3.00 per kg	Increased to \$1.50 per kg	Adjusted to match annual rate
Blue Cod	BCO5	Increased to \$2.00 per kg	Increased to \$1.00 per kg	Adjusted to match annual rate
Moki	MOK1	No change	No change	Introduce non-standard differential deemed values
Rough Skate	RSK1	Increased to \$0.30 per kg	Decreased to \$0.15 per kg	Introduce differential deemed values
Rough Skate	RSK3	No change	Decreased to \$0.15 per kg	Introduce differential deemed values
Rough Skate	RSK7 & RSK10	Decreased to \$0.30 per kg	Decreased to \$0.15 per kg	Introduce differential deemed values
Smooth Skate	SSK1, SSK3, SSK7 & SSK10	Decreased to \$0.30 per kg	Decreased to \$0.15 per kg	Introduce differential deemed values
School Shark	SCH1	Increased to \$1.98 per kg	Increased to \$0.99 per kg	Adjusted to match annual rate
School Shark	SCH2	Increased to \$1.75 per kg	Increased to \$0.88 per kg	Introduce differential deemed values
School Shark	SCH5	Increased to \$1.25 per kg	Increased to \$0.63 per kg	Adjusted to match annual rate
Rig	SPO7	Increased to \$3.00 per kg	Increased to \$1.50 per kg	Adjusted to match annual rate
Stargazer	STA1 & STA2	No change	No change	Introduce differential deemed values
Tarakihi	TAR2	Increased to \$2.75 per kg	Increased to \$1.38 per kg	Adjusted to match annual rate
Trevally	TRE1	Decreased to \$1.10 per kg	Decreased to \$0.55 per kg	Adjusted to match annual rate

Table 3: Shellfish stocks recommended for changes

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Green Lipped Mussel	GLM9	Increased to \$6.00 per kg	Increased to \$3.00 per kg	Introduce differential deemed values

Table 4: Deepwater/Middle Depth stocks recommended for changes

Species Name	Fish Stock Reviewed	Summary of Recommended deemed value changes		
		Annual	Interim	Differential
Jack Mackerel	JMA1	Increased to \$0.24 per kg	Increased to \$0.12 per kg	Introduce non-standard differential deemed values
Barracouta	BAR7	Increased to \$0.24 per kg	Increased to \$0.12 per kg	Adjusted to match annual rate
Hake	HAK7	Increased to \$1.60 per kg	Increased to \$0.80 per kg	Adjusted to match annual rate
Orange Roughy	ORH2A, ORH2B & ORH3A	Increased to \$5.00 per kg	Increased to \$2.50 per kg	Adjusted to match annual rate
Rubyfish	RBY1	Increased to \$0.14 per kg	Increased to \$0.07 per kg	No change
Rubyfish	RBY3	Increased to \$0.19 per kg	Increased to \$0.10 per kg	No change
Ribaldo	RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 & RIB10	No change	No change	Introduce differential deemed values
White Warehou	WWA5B	Increased to \$1.03 per kg	Increased to \$0.52 per kg	Introduce non-standard differential deemed values

6 In addition, MFish recommendations for deemed value changes for 13 stocks that are being considered for a total allowable catch (TAC) review as part of the October 2009 sustainability round are presented along with TAC/TACC advice. These stocks are listed in Table 5 below.

Table 5: Stocks that are being considered for a TAC adjustment and therefore are reviewed in separate sustainability Final Advice Papers

Species Name	Fish Stock Reviewed
Elephantfish	ELE3
Elephantfish	ELE5
Gurnard	GUR3
Gurnard	GUR7
John Dory	JDO7
Rig	SPO2
Snapper	SNA7
Oyster	OYS7C
Black Cardinal Fish	CDL2
Hoki	HOK1
Orange Roughy	ORH3B
Oreo Dory	OEO3A
Ling	LIN7

7 MFish issued an IPP on Monday 29 June 2009 that included initial proposals for deemed value changes for all of the above stocks. A range of views on the proposed deemed value changes were received from stakeholders. MFish has taken these views

into consideration and where appropriate has incorporated them into the recommended deemed value rates for your consideration.

- 8 You are not limited to choosing the deemed value rates recommended in this paper; rather you can set the deemed value rates at any level that you consider will best meet your obligations under the Act. You can also choose to leave the deemed value rates unchanged provided you are satisfied that this meets your statutory obligations. However, MFish considers the proposed adjustments to the deemed value rates for the stocks listed in this advice paper are appropriate at this time.

Submissions

- 9 Submissions were received from the following stakeholders:

- Aotearoa Fisheries Limited (**AFL**)
- Aquaculture New Zealand (**AQNZ**)
- Area 2 Inshore Finfish Management Company Ltd (**Area 2 Inshore**)
- Challenger Finfisheries Management Company Ltd (**Challenger**)
- Environment and Conservation Organisations of New Zealand Inc (**ECO**)
- Egmont Seafood Limited (**ESL**)
- Hokotehi Moriori Trust (**Hokotehi**)
- Kaitaia Spat Limited (**KSL**)
- New Zealand Recreational Fishing Council (**NZRFC**)
- Ngati Mutunga O Wharekauri Iwi Trust (**Ngati Mutunga**)
- Sanford Limited (**Sanford**)
- Seafood Industry Council (**SeaFIC**)
- Tasman and Sounds Recreational Fishers' Association Inc (**TASFISH**)
- Te Runanga A Iwi O Ngapuhi (**Ngapuhi**)
- Waitangi Seafoods 2007 Limited (**Waitangi**)

- 10 Most of the submissions address specific stocks and the proposed deemed value rates for these stocks. Those stock-specific comments are identified and addressed in appropriate sections below.

- 11 Submissions from AFL, Area 2 Inshore, Challenger, ESL, Sanford, and SeaFIC also included broad comments on the process and/or general rationales applied by MFish. Those broader comments are addressed in the "Process" and "Rationale" sections, as appropriate below.

- 12 ECO and NZRFC generally endorsed the deemed values proposed in the IPP, without providing specific comments. TASFISH stated that deemed values for important shared stocks should be increased substantially to three times landed value.

Background

- 13 The purpose of the deemed value framework is to provide an incentive for fishers to acquire sufficient ACE to balance against catch.
- 14 The catch balancing regime is 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 the past, which may have sustainability implications.
- 15 Utilisation objectives are achieved by providing flexibility for commercial operators to manage unexpected and small overruns in ACE holdings by allowing periodic rather than continuous balancing. In the long term, the sustainability implications that may result from overfishing could result in TACC reductions, which also impact on utilisation objectives.
- 16 Prior to 2007, MFish did not review all deemed values each year. Deemed values were reviewed when TACCs were adjusted or when special problems were identified. Some in industry criticised the resultant deemed values for allowing some fishers to intentionally fish on deemed values. MFish and industry convened a joint working group on deemed values. Partially as a result of that process, MFish issued a deemed value standard in 2007 for consultation and submitted the resulting standard for Ministerial approval. That standard was applied beginning in 1 October 2007. The result was to increase substantially the deemed value rates for a number of stocks. While many quota owners approved this result, fishers without quota have generally been unhappy with these changes. A court suit was filed over these changes, and the court generally endorsed the changes as being consistent with the Act.
- 17 Prior to 2007, total deemed value payments were about \$10 million per year. For the two years since implementation of the standard, deemed value bills have been about \$5 million per year. MFish believes that the changes already implemented are likely to result in deemed value payments falling to about \$2 to \$3 million per year. In the October 2007 and October 2008 changes, MFish tended to focus its energy on larger stocks and especially those with very high levels of deemed value fishing. In this advice, MFish continues to implement the changes began in 2007 and in particular has examined some smaller stocks more closely. MFish believes that the development of deemed value advice is becoming more robust as a result of its efforts to comprehensively review all stocks each year.

Process

- 18 The Deemed Value Standard sets out a process for reviewing and adjusting deemed value rates. This process was followed in developing this advice.
- 19 Section 75A of the Act requires you to consult, if practicable, with persons or organisations that you consider represent classes of persons who have an interest in the stocks under review, including Maori, recreational, commercial and environmental interests.

- 20 The deemed value review process was informed by a meeting organised by SeaFIC on 21 October 2008 at which commercial stakeholder organisations indicated their priorities for management action in April 2008 and October 2009 to MFish managers. A number of the stocks identified at that meeting are subject to TACC and deemed value reviews for 1 October 2009.
- 21 MFish began its deemed value review process by sending letters to all commercial stakeholder organisations and to individuals who had submitted on previous deemed value reviews. This letter asked the recipients to help identify fish stocks that might require a deemed value review. It also asked for any data on ACE and landed price that might help in the deemed value setting process. Data received in response to this letter was used by the Deemed Value Review Group and was included in the IPP.
- 22 Under the Deemed Value Standard, MFish uses a “Deemed Value Review Group” which includes all relevant MFish managers and a representative from SeaFIC. Meetings of that group were held on 23 April 2009 and 21 May 2009 to develop information and analysis used in the IPP.
- 23 After the initial proposals were developed, MFish followed its standard consultation process for IPPs in the October 2009 sustainability round. This involved posting all IPPs on MFish’s website and alerting stakeholders and tangata whenua to this through a letter sent to approximately 350 companies, organisations and individuals.
- 24 In a few instances, MFish contacted those who made submissions to clarify their meaning.
- 25 Note that you will separately receive advice on changes to deemed values for stocks that are subject to a TAC/TACC review in this sustainability round in the FAP for those changes. Because you will receive options for TACCs for some stocks, the deemed value advice should be specific to the option. Your decisions on TACCs and deemed values should be coordinated. The deemed value advice for those stocks does not repeat all of the background material on the deemed value process contained in this document. You should use the background information on deemed value setting in this document to inform your deemed value choices in those stocks being reviewed in separate FAPs.
- 26 One output from the deemed value review process is the development of information on stocks that the deemed value review group or stakeholders believe should be considered for TAC/TACC reviews in future sustainability rounds. That list has been sent to managers responsible for those stocks.

Changes to process in this round and comments by submitters on process.

- 27 The process for gathering input from stakeholders and tangata whenua was changed slightly in this round. Submissions from SeaFIC, AFL and Sanford commented on the process used in the development of this advice. Beginning in 2007, MFish made substantial changes to the deemed value process and MFish continues to work to improve that process.

- 28 The step of sending an initial letter was new to the deemed value process for October 2009. MFish received useful information from this process, and that information materially affected both the IPP and this FAP. MFish expects to continue this step, perhaps with some modifications, for future deemed value setting rounds.
- 29 MFish found that the submissions received on the IPP were extremely helpful and informative. MFish is hopeful that the changes made to the process are enabling stakeholders and tangata whenua to participate more effectively in the process. MFish would specifically note the increased level of submissions by tangata whenua.
- 30 In its submission, SeaFIC expressed its dissatisfaction with the operation of the deemed value review group (submission paragraphs 5-8). SeaFIC was disappointed that the first meeting on 23 April 2009 largely resulted in narrowing the list of 200 stocks and assigning follow-up tasks to managers. In the past the deemed value review group met only once, and for many stocks the result was a decision to seek more information. The earlier meeting was added to the process to scope out the stocks that required further information. The meeting accomplished its task, so MFish does not understand the source of SeaFIC's disappointment.
- 31 SeaFIC characterises the second deemed value working group meeting as one at which fisheries managers contributed little. MFish disagrees with this characterisation. Fisheries managers had largely completed their analyses prior to the meeting and the documents distributed prior to the meeting reflected their analysis. Discussion was limited only to the extent that many issues had been resolved prior to the meeting and were reflected in the documents prepared for that meeting. MFish believes that the addition of a second deemed value review group meeting and the work done by fisheries managers between the two meetings substantially improved the process.
- 32 SeaFIC expressed disappointment that the final agendas and background information for the deemed value working group were distributed near to the meeting. MFish distributed updated information to SeaFIC on the same days that it was distributed to staff. The nature of the process is that staff are working on issues continuously and material generated a week or more in advance would be seriously dated. SeaFIC was also provided with a variety of updated information during the deemed value review process. This included receiving a first draft of the deemed value review IPP on Wednesday 10 June 2009 (19 days before the IPP was released for consultation).
- 33 AFL indicated that the process for this round was a vast improvement. AFL also commented that they believed it was possible to further improve the process to achieve more similar recommendations from participants.
- 34 Sanford continues to submit that the deemed value process results in deemed values that are set too low, but that positive progress is being made. Sanford also stated that SeaFIC raised valid issues in Part 1 of its submission, which included the above comments on process.
- 35 MFish is committed to working with industry members, SeaFIC, other stakeholders and tangata whenua to continue to improve the deemed value review process.

Statutory Framework

- 36 Under s 75(1) of the Act you are required to set interim and annual deemed value rates for each quota management stock. The remainder of s 75 establishes the parameters to guide your decision making.
- 37 Section 75 (2) defines the broad criteria that guide your decision. S 75 (2) (a) sets out factors that you must consider in your decision. S 75 (2) (b) sets out factors that you may consider.
- 38 Section 75 (3) to s 75 (7) address several details of the deemed value setting process.

Mandatory considerations

- 39 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. Section 75(2) (a) says:

S 75 (2) In setting an interim deemed value rate or an annual deemed value rate, the Minister—

- (a) Must take into account the need to provide an incentive for every commercial fisher to acquire or maintain sufficient annual catch entitlement in respect of each fishing year that is not less than the total catch of that stock taken by that commercial fisher;*

- 40 The interpretation of s 75 (2) (a) was addressed by Priestly J in *Pacific Trawling Limited and Independent Fisheries Limited v The Minister of Fisheries*, High Court, Napier, CIV 2007-441-1016, 29 August 2008 (“*Pacific Trawling*”). The decision stated:

“[76] The obligations which the Minister has under Part 3 and the TAC and TACC setting mechanisms were not, in my judgment, matters which come into play when the Minister was setting DV rates under s 75.....In my judgment it is not permissible for the Minister, when considering DVs and the s 75(2) (a) requirement, to turn his mind to the possibility that relevant TACs may need revision or have been set faultily.”

- 41 MFish advises that the *Pacific Trawling* decision requires that in setting deemed values, you must consider whether there are appropriate incentives for fishers to balance catch with ACE. In making this assessment, you should take the TAC/TACC as set. In deciding whether or not inappropriate incentives exist, you should not consider whether those incentives may be created or exacerbated by TACs or TACCs that require adjustment. You are, however, allowed to consider other factors that are identified in s 75 (2) (b). Section 75 (2) (a) does not constrain you to a pre-determined response to issues that you identify. Within the mandatory constraints of s 75, you may use your judgement about how best to respond to a lack of incentives to balance catch with ACE.

- 42 Section 75 (3) requires that annual deemed values must be at a level that is greater than the interim deemed values. Prior to 2007, MFish recommended that interim deemed values usually be set at fifty percent of annual deemed values. After 2007, MFish has sometimes recommended that interim deemed values are set closer to, but still below, annual deemed values.
- 43 Section 75 (6) prohibits you from setting deemed values that are specific to individuals and from having regard to the personal circumstances of individuals or classes of persons when you set deemed values.
- 44 Section 75 (7) requires that any changes to deemed values must take effect on the first day of the next fishing year for that stock. The present advice covers stocks with fishing years that begin on 1 October 2009, so all deemed values must take effect on that date. This requirement has two practical effects. First, MFish must develop its advice for the 1 October 2009/10 fishing year and you must make your decisions prior to the end of the 2008/09 fishing year on 30 September 2009. The last full fishing year of information available is for 2007/08 stocks. Second, if during a fishing year it appears that a deemed value setting is not providing the appropriate incentive to balance catch with ACE, a correction cannot be made until the beginning of the next fishing year. Together, these two factors lead MFish to recommend that you be forward-looking to the extent possible in your deemed value decisions.

Permissible considerations

- 45 Section 75(2) (b) outlines other factors that you may have regard to when setting interim and annual deemed value rates. Section 75(2) (b) states:
- (2) *In setting an interim deemed value rate or an annual deemed value rate, the Minister—*
- (b) *May have regard to—*
- (i) *The desirability of commercial fishers landing catch for which they do not have annual catch entitlement; and*
 - (ii) *The market value of the annual catch entitlement for the stock; and*
 - (iii) *The market value of the stock; and*
 - (iv) *The economic benefits obtained by the most efficient commercial fisher, licensed fish receiver, retailer, or any other person from the taking, processing, or sale of the fish, aquatic life, or seaweed, or of any other fish, aquatic life, or seaweed that is commonly taken in association with the fish, aquatic life, or seaweed; and*
 - (v) *The extent to which catch of that stock has exceeded or is likely to exceed the total allowable commercial catch for the stock in any year; and*
 - (vi) *Any other matters that the Minister considers relevant.*

- 46 The considerations in s 75 (2) (b) include both factors that you would probably consider as part of your mandatory consideration under s 75 (2) (a) and also factors that might not arise under s 75 (2) (a).
- 47 In considering whether inappropriate incentives exist for fishers to fail to balance catch with ACE, you would probably consider the market value of ACE [s 75 (2) (b) (ii)] and the market price of the fish [s 75 (2) (b) (iii)]. If catch exceeded the TACC per 75 (2) (b) (v), then some fishers would probably be landing catch in excess of ACE and you would need to take this into account under s 75 (2) (a). (Note that because of the ability of ACE owners to carry forward some ACE, it is possible for catch to exceed the TACC in any one year even in the absence of deemed value fishing.)
- 48 Section 75 (2) (b) (i) addresses the issue of discarding when a fisher does not have ACE. As discarding can also occur when a fisher does have ACE, s 75 (2) (b) (i) incompletely covers the issues around discarding. However, MFish advises that discarding is a core issue for the QMS and should certainly fall within the other matters that you might consider relevant under s 75 (2) (b) (vi). MFish also advises that discarding, because it involves failing to acquire ACE to match total catch, is an issue that is appropriately considered under s 75 (2) (a).
- 49 Section 75 (4) allows you to set different deemed values for different levels of catch in excess of ACE. These are generally known as “differential deemed values” or “ramped deemed values”. Differential deemed values are routinely used for major stocks and have been used less routinely for less important stocks. The use of differential deemed values was a subject of major comment in submissions and MFish will expand on this topic below.
- 50 Section 75 (5) allows you to set different deemed values for fish landed at Licensed Fish Receivers (LFRs) on the Chatham Islands. There are currently different deemed values for the Chatham Island for many stocks. This section has application with respect to BCO4 in the current advice.

Rationale for management options

General principles for deemed value setting

- 51 Maintaining incentives to acquire ACE to match catches under s 75 (2) (a) covers incentives under at least four circumstances:
- (a) First, to provide an incentive to balance catch with ACE when ACE is available. That is, fishers should not use deemed values instead of ACE when ACE can be acquired on the open market. Deeming when ACE remains unused is not consistent with s 75 (2) (a). Balancing with ACE is the preferred catch balancing method.
 - (b) Second, to provide an incentive to keep the catch level to the amount of ACE available in the fish stock. That is, fishers should not use deemed values as a way of exceeding the TACC for any given fish stock. This helps ensure that the sustainability of the fish stock is not put at risk by fishing on deemed values.

- (c) Third, to provide an incentive not to misreport catch as being taken from a different fish stock to take advantage of lower deemed value rates. When such misreporting occurs, the fisher fails to acquire ACE for the fish stock from which the fish were actually caught. This can undermine the sustainability and utilisation of fish stocks and distorts the information used to make fisheries management decisions. Misreporting is an offence under the Fisheries Act.
 - (d) Fourth, to provide an incentive not to illegally discard catch instead of paying the deemed value or acquiring ACE. When a fisher discards, they fail to acquire ACE for the fish stock from which the fish were caught. Discarding undermines the sustainability of fish stocks and is a criminal offence under the Fisheries Act.
- 52 As a general guide to setting deemed value rates under s 75 (2) (a), MFish advises that a deemed value rate between ACE price and landed price generally provides the correct incentives. MFish believes the following actions will create the correct incentives for commercial fishers to acquire ACE to cover their catch:
- (a) When deemed value rates are below ACE price: Increase deemed value rates to a level between ACE price and landed price to provide the incentive to balance catch with ACE. There are transaction costs associated with finding, buying and registering transfers of ACE. Deemed values should be sufficiently above ACE price, such that fishers would not routinely pay the deemed values to avoid those transaction costs.
 - (b) When deemed value rates are above landed price: Decrease deemed value rates to a level between ACE price and landed price to provide an incentive not to discard.
- 53 SeaFIC (submission paragraphs 24-27) pointed out that limited price data makes implementation of deemed values complex. MFish agrees that the quality of the available price data makes setting deemed values difficult. In recognition of this difficulty, MFish asked for updated price data in both its preliminary letter to CSOs and other interested parties and also in the IPP. MFish agrees that obtaining a more reliable and routine source of landed price data would improve the information that underpins the deemed value setting process.
- 54 SeaFIC also asserted that MFish failed to use more recent price data provided by the industry. MFish does not agree that it does not use price data submitted by industry. MFish must, however, recognise that parties have an interest in submitting data that supports their positions and thus MFish must make an effort to validate such information.
- 55 Area 2 Inshore (submission paragraph 5) argued that the relevant price for deemed values was the port price minus landed value. In MFish's view this argument appears to be incorrect. If the ACE price is \$2.00 per kg and the landed price (including any implicit or explicit payment for ACE) is \$3.00 per kg, then the deemed value should be between \$2.00 per kg and \$3.00 per kg. Using the logic of Area 2 Inshore, the maximum deemed value would only be \$1.00 per kg (that is, the \$3.00 per kg landed value minus the \$2.00 per kg value of ACE). Clearly a deemed value of \$1.00 per kg

would undercut the ACE price of \$2.00 per kg and encourage fishing on deemed values.

- 56 MFish advises that you should be forward looking in setting deemed values. As noted above, you will determine a deemed value in August or September 2009 that will be in effect until October 2010. Moreover, you must make that decision without the benefit of knowing the final level of deemed value fishing for stocks in 2008-09.
- 57 When significant deeming has occurred in 2007-08, this is strong evidence that the deemed value incentives are likely to be incorrect. MFish has examined all such instances and has provided its advice on whether incorrect incentives exist and how to address those incentives.
- 58 However, the reverse is not true. Simply because there was no deemed value fishing or very limited deemed value fishing for a stock in 2007-08 does not mean that the incentives are correct. MFish has examined the economic incentives for deemed value fishing in all stocks, whether or not deemed value fishing occurred in 2007-08. MFish believes that this conscious and complete examination of incentives will help you set deemed values that are most appropriate in light of all available information.
- 59 For this reason, MFish does not agree with submissions that argue that deemed values should not be changed if there has not been fishing on deemed values in the past one or two years.

Deemed values should exceed ACE price by the margin of transactions costs

- 60 If ACE price is close to the deemed value rate there may be an incentive for fishers to pay the deemed value instead of acquiring ACE to balance their catch. This is due to the transaction cost involved in making an ACE trade. Currently it costs \$13.50 to register an ACE trade with FishServe. There is also the time it takes to find an appropriate package of ACE and possibly a brokerage fee (if ACE is purchased through a broker). MFish believes the total transaction costs are approximately \$100.00 per ACE transaction.
- 61 One purpose of deemed values is to avoid the transaction cost of small ACE trades. The question is: at what level of landings should fishers be expected to seek ACE rather than using the convenient option of paying deemed values? MFish suggests that when a fisher has one tonne of landings to cover with ACE or deemed values, the incentive should be to acquire ACE. If \$100.00 in transaction costs are spread over 1000 kilograms, the transaction cost would be \$0.10 per kg. This leads MFish to recommend that deemed value rates should usually exceed ACE price by about \$0.10 per kg. This would also imply that the lowest deemed value should be approximately \$0.10 per kg.
- 62 As a result of this analysis, MFish compared all deemed values to ACE prices. MFish also looked at stocks where the deemed value was less than \$0.10 per kg. The analysis resulted in proposals to increase a number of deemed value rates. There were a number of stocks with deemed values below \$0.10 per kg that were proposed for small increases including SPD, SPE, GSP, GSH, and RBY.

- 63 Although no submissions addressed the analysis of transactions costs raised in the IPP, some submitters disagreed with the results of applying that analysis. Area 2 Inshore (submission paragraphs 3-4) suggested that it was a waste of MFish time and industry time to adjust deemed values for low value stocks. Challenger (submission paragraph 9) and Egmont Seafood made similar comments. MFish does not agree that stocks should be excluded from consideration for deemed value adjustments just because they are low value. MFish advises that regardless of the importance of a stock, you should set deemed values to provide an incentive to acquire ACE under s 75 (2) (a). When deemed value rates are \$0.03 per kg to \$0.08 per kg, there is plainly no incentive to acquire ACE because the transactions costs are large in relation to deemed value.
- 64 MFish continues to advise you that deemed values should be set above ACE prices by a margin that covers transactions costs. While some submitters objected to the results of applying that policy, no submitter provided any reason (other than the suggestion that it was a waste of time used in preparing advice for you) to address the analysis that was presented in the IPP. It is important to note that the joint MFish-industry working group on deemed values agreed that deemed values should exceed ACE by at least the amount of transactions costs. MFish advises that this remains a very relevant criterion.

Avoiding incentives to misreport

- 65 In paragraph 51 (c), MFish advised that incentives to misreport are a factor that fall within the ambit of s 75 (2) (a). When two adjacent QMAs for the same species have substantially different deemed values, there may be an incentive to misreport in order to qualify for the lower deemed value. MFish advises that you consider the impact of differences in deemed values across QMAs in your decisions. For most species, prices across adjacent QMAs are likely to be similar, because arbitrage in markets will result in movements of fish to equalise prices. Because the upper bound on deemed values in most circumstances is landed price, the upper bound for adjacent QMAs will often be similar. Thus, setting similar deemed values across different QMAs is often likely to be feasible.
- 66 SeaFIC (submission paragraphs 29-30) cautions that MFish should not adopt a general principle that deemed values should be the same for a species across different QMAs. SeaFIC specifically noted that the decision in the *Pacific Trawling* case stated that deemed values in one QMA may not be based on reasons applying to other QMAs. SeaFIC concludes that it may sometimes be appropriate to use the same deemed values in QMAs for the same species, but not always. MFish agrees with SeaFIC. The presentation of the argument in the preceding paragraph in the IPP may have incorrectly suggested that MFish was proposing a firm policy of uniform deemed values across all QMAs for a species. MFish is simply arguing that there are reasons to consider more uniform deemed values across QMAs, but that these reasons must be weighed against other considerations. MFish agrees with SeaFIC that there are regional differences in the prices of some species and that these differences must be considered in setting deemed values. The advice in this paper would result in somewhat more uniformity in deemed values for some species, but the result is certainly not to blindly equalise rates across QMAs.

Principles for constraining by-catch species

- 67 An important exception arises with respect to MFish's advice that deemed values should generally be set below landed price. That exception arises when:
- (a) A species is a bycatch in a multispecies fishery, such as a mixed trawl fishery, and
 - (b) The catch of that bycatch species constrains the ability of the fishing fleet to capture other target species.
- 68 In this circumstance, the bycatch species is said to have a "shadow value" greater than landed value that reflects its value in permitting greater catches of other species in the overall fisheries complex. When the shadow value is high, the ACE value that will constrain catch to the TACC can exceed the landed value. In this instance, the deemed value may need to exceed the landed value.
- 69 When the ACE price and the deemed values are above the landed value, incentives to discard the species are created. This may be an inevitable result of providing appropriate incentives under s 75 (2) (a) for fishers to acquire ACE to cover their catches. How to balance incentives to discard against the incentives to fish on deemed values is the most difficult deemed value advice that MFish must provide to you. It may be necessary to rely on compliance tools to prevent discarding when this occurs.

High value single species fisheries

- 70 Previous Ministers have decided that the appropriate incentive for "high value single stocks" (no bycatch issues) is to provide a very strong incentive to catch only the amount for which fishers have ACE. This has been accomplished by setting the annual deemed value at approximately twice the landed price. A fisher would suffer a large loss on any catches in excess of ACE. By setting the deemed value at twice the landed price, it is very unlikely that even if prices increase during a fishing year that any incentive would arise to land catch in excess of ACE. This is consistent with s 75 (2) (a) as it provides a strong disincentive against catches in excess of ACE. This incentive has been applied to all spiny rock lobster (CRA) and paua (PAU) stocks.
- 71 In the IPP, MFish suggested that one stock, GLM9, had characteristics that warranted using the policy of setting deemed values at twice landed price. Based on information in submissions, MFish will recommend increasing the deemed value for GLM9 but not to the level of twice landed price. Therefore the question of applying "high value single species" criteria does not arise in this advice.

Snapper (SNA) stocks

- 72 Past Ministers have decided that the significance of some snapper stocks (SNA1, SNA7, SNA8, and SNA10) to non-commercial users warranted special treatment with respect to deemed values. SNA1 and SNA10 annual deemed values are at \$13.00 per kg, which is well above landed price. SNA7 and SNA8 annual deemed values are at \$8.00 per kg, which is closer to but still above landed value. The effect is to provide a very strong incentive to avoid paying deemed values and hence to landing fish in excess of ACE. This policy is supported by non-commercial fishers and by some in

industry. Others in industry argue that these deemed values provide unnecessarily high incentives to discard fish. This issue arises with respect to SNA8 in this advice and with respect to SNA7 in a separate FAP on setting the TACC and the deemed value. MFish notes that this is a difficult issue and that there is understandable disagreement on the setting of SNA deemed values. Given the lack of consensus for a change even within the fishing industry, MFish is not advising a change in this policy in this advice. MFish has, however, provided you with comments from submitters who do urge a change.

Kermadecs

- 73 The Kermadec Islands (QMA10) are a part of the EEZ that is very rarely fished, except by the tuna fleet. The deemed value rates for stocks in QMA10 have generally been ignored since they were originally set. In the IPP, MFish proposed that the deemed value rates in QMA10 be set at the highest deemed value rate of either QMA1 or QMA2 for the relevant species. QMA1 and QMA2 are the two QMAs that border QMA10. By setting the deemed value rate in QMA10 at the highest deemed value rate of these two QMAs, it reduces any incentive to misreport catch from either of these two QMAs as coming from QMA10. As discussed in paragraph 51, avoiding misreporting is an objective of s 75 (2) (a). Because QMA10 is rarely fished, the potential for misreporting seems to be the only issue under s 75 (2) (a). Furthermore, QMA10 is part of the Benthic Protected Areas (BPA), so bottom trawling is banned and fishers need to carry observers to go midwater trawling. MFish recognises that the BPA makes changing the deemed value rates in these fisheries to match the higher of QMA1 or QMA2 for that species seem somewhat unnecessary. However, MFish believes it is necessary to do so to ensure that a consistent approach is taken to setting deemed value rates and that they are set in a way that is robust to any possible changes to fishing behaviour or practices.
- 74 If the goal is to keep the deemed value rate the same for QMA10 as QMA1 or QMA2, the same differentials should apply. Otherwise, deemed values between QMA1 or QMA2 will differ from those in QMA10 whenever differentials come into force. Therefore MFish recommends that you set differential deemed values, as well as the annual and interim deemed values, in QMA10 based on the higher of the deemed values in QMA1 or QMA2.
- 75 MFish recommends that the standard differential deemed value regime (20% increase for exceeding ACE by more than 20%; 40% increase for exceeding ACE by more than 40%, etc.) be used in QMA10. MFish considers that in light of the nominal TACCs in most QMA10 areas, unique differential deemed value regimes would generally not be appropriate.
- 76 MFish recommends that if differential deemed value rates are not used in QMA1 and/or QMA2, differential deemed value rates should not be used in QMA10.
- 77 Submissions by SeaFIC agree with this approach.
- 78 AFL agrees with setting annual and interim values for QMA10 at the greater of QMA1 or QMA2 levels. AFL does not agree with the application of differentials to QMA10.

Differential deemed values

- 79 MFish recommends that you should use differential deemed value rates. Differential deemed values are set under s 75 (4) which states:
- (4) *The Minister may set different annual deemed value rates in respect of the same stock which apply to different levels of catch in excess of annual catch entitlement.*
- 80 Differential deemed values have two effects. First, if a commercial fisher decides to fish on deemed values without ACE or with little ACE relative to landings, then the deemed value rate for the catch increases to the top step on the differential schedule. This provides a very strong incentive for commercial fishers to acquire ACE. Second, if the entire ACE is caught by the industry, then the differential deemed value increases as the industry increasingly overcatches the TACC. The result is an increasing economic disincentive to exceed the TACC.
- 81 In this paper the term ‘standard differentials’ refers to the most frequently used differential deemed value schedule. Those standard differentials increase the deemed value by 20% over the annual rate when catch equals more than 120% of ACE, by 40% when catch is more than 140% of ACE, by 60% when catch is more than 160% of ACE, by 80% when catch is more than 180% of ACE, and by 100% when catch is more than 200% of ACE. Prior to the 2007 deemed value standard, standard differentials were the norm when differentials were implemented.
- 82 Since 2007, MFish has recommended that some stocks be subject to other ramping schedules. Other schedules for differential deemed values are called ‘non-standard differentials’ in this paper.
- 83 MFish recommends that differential deemed value rates depend on the stock and the behaviours that deemed values ought 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 you consider necessary to provide the appropriate disincentive for fishers to take fish without ACE. For some stocks this may mean applying differential deemed values at small percentages of overcatch such as 2% to discourage any fishing on deemed values; for others it may mean applying standard differential deemed value rates.
- 84 MFish advises that differential deemed values can build in buffers that manage risk of future uncertainty in economic variables such as landed price and foreign exchange rates. Deemed values are economic tools. How they function will be determined by changes in economic conditions. Since New Zealand exports 92% of all fish caught, fluctuations in international fish prices and in exchange rates (especially the \$US) can make fishing on deemed values attractive or unattractive depending on the current economic situation.
- 85 In the absence of differentials, the fishing industry can harvest many multiples of the TACC by paying the fixed deemed value rate. Consider the effect if economic conditions would make it attractive to harvest anchovies (ANC). For one year, an unlimited amount could be harvested as long as the deemed value of \$0.06 per kg is paid.

- 86 In determining whether a differential is appropriate, you should consider whether targeted harvests well in excess of TACCs would be acceptable for the one to two years required to change deemed values. MFish suggests that for many stocks, such a result would not be desirable. MFish also suggests that to fail to consider this possible outcome may be inconsistent with a precautionary approach. Setting a differential deemed value that is currently “irrelevant” can be a costless way to allow for unforeseen events. Such a precautionary differential would not cost industry anything unless their fishing increased substantially and unexpectedly.
- 87 There are inherent delays in the deemed value setting process. Deemed values can only be changed once per year. Thus, the deemed value rates proposed herein seek to maintain the appropriate incentives going forward instead of only asking if the incentives were inappropriate in the past.
- 88 In the past, MFish has recommended that differential deemed values not be used for some stocks. This has been true for a number of stocks that have been recently entered in the QMS, such as surf clam species, horse mussel, anchovy, and pilchard (among others). Past advice not to use differential deemed values in some stocks was based in part upon lack of information about landed price and ACE price.
- 89 As MFish has gained increasing experience with the role of deemed values in providing incentives to balance catch with ACE, MFish gained a greater appreciation that differential deemed values have played an important role in providing incentives that are robust to changes in economic conditions. For example, there have been several instances when fishing on deemed values occurred up until almost exactly the point that the first ramp on the differential was applied. This provides strong evidence that differential deemed values do indeed act as a brake that becomes increasing strong as catches exceed the TACC.
- 90 Differential deemed values are an important part of establishing robust deemed value settings for a stock that will provide appropriate incentives to balance catch with ACE throughout the fishing year. While differential deemed values cannot completely compensate for unexpected economic changes, they do limit the range of conditions within which inappropriate incentives to fish on deemed values, rather than to balance catch with ACE, will continue to operate. This will limit the impact until the necessary changes are implemented.
- 91 In the IPP, MFish suggested that some level of differential deemed values should be considered for all stocks. MFish did not intend to signal that a policy change to requiring differential deemed values for all stocks. MFish meant that consideration should be given to what level of fishing in excess of the TACC was acceptable in the short run and that differential deemed values should be considered as a tool to constrain total catches to the TACC even if economic conditions changed.
- 92 The statement that differential deemed values should be considered for all stocks was interpreted by some submitters as a proposal for policy to introduce differentials for all fishstocks. SeaFIC and Challenger expressed disagreement with a policy of introducing differential deemed values for all stocks. While AFL did not address the issue as a matter of a new policy, AFL did disagree with most MFish proposals to introduce differential deemed values. AFL noted in most cases that “differentials unnecessary since TACC undercaught” for most of those proposals.

- 93 MFish is not proposing a policy of introducing differential deemed value for all stocks. Had that been the case, a large number of other stocks would have been included in the IPP. But it is clear from submissions that many in the commercial industry disagree with greater consideration to use of differential deemed values, whether or not this constitutes a uniform policy. It is clear that this is the single largest area of disagreement of industry with the IPP proposals.
- 94 MFish has considered the arguments against differentials on a stock-by-stock basis. In the stock-specific advice below, MFish has recommended that some differential deemed values be introduced as proposed in the IPP. In some instances, MFish has revised its advice so that it has not recommended adoption of some differential deemed values that were proposed in the IPP.

Interim deemed values

- 95 The Act requires both annual and interim deemed value rates to be set for all stocks. There is a risk that setting interim deemed value rates too low will delay the balancing of catch until the end of the fishing season. This may lead to a race for ACE and insufficient ACE to cover all catch, therefore leading to the TACC being exceeded.
- 96 Prior to 2007, interim deemed value rates were generally set at 50% of the annual rate. While MFish recommends that the interim deemed value rates should remain at 50% of the annual rates for most stocks, MFish may recommend higher interim deemed value rates for some of the stocks. 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.
- 97 The level of interim deemed value rates is not an important issue in this round of advice and it drew no specific comment from submitters.
- 98 The analysis for each stock follows.

Snapper: SNA2

- 99 Snapper are demersal fish found down to depths of about 200m, but are most abundant in 15–60m. They are the dominant fish in northern inshore communities and occupy a wide range of habitats, including rocky reefs and areas of sand and mud bottom. They are widely distributed in the warmer waters of New Zealand.
- 100 SNA2 was included in this review because the TACC was over-fished (4 tonnes above available ACE or 101% of ACE caught) during the 2007-08 fishing year, resulting in deemed value invoices of \$35,443 being incurred. The TACC has also been over caught in each of the past 6 fishing years. The ongoing overfishing of SNA2 during the 2007-08 fishing year raises questions about whether fishers have the appropriate incentives to acquire sufficient ACE.
- 101 SNA2 is mainly taken as a bycatch of the inshore trawl fleet that are targeting other inshore species. However, it appears some commercial fishers may be targeting SNA2 which reduces the amount of ACE available to balance SNA 2 caught as a bycatch. Since SNA 2 is a significant shared fishery, in the IPP, MFish proposed to increase the annual and interim deemed values for SNA2 to provide the appropriate

incentive to fishers to balance catch with ACE.

- 102 MFish also proposed to adjust the differential deemed values in SNA2 to reflect the proposed annual deemed values. This is consistent with s 75 (2) (a) of the Act.
- 103 AFL submits that the current TACC is too low and SNA2 is being caught as an unavoidable bycatch and that the current annual deemed value rates should be retained and a standard differential deemed value regime should be implemented.
- 104 Sanford supports the deemed value rates for SNA2 set out in the IPP.
- 105 SeaFIC does not support the deemed value rates set out in the IPP and submits that the current annual and interim deemed value rates should be retained. SeaFIC notes that the average ACE price for SNA2 is \$2.67 per kg and that the current annual deemed value of \$5.00 against that ACE price is more than adequate and may be so high as to discourage landing of SNA2 catch. SeaFIC argues that the current differentials for SNA2 are the most aggressive used in any stock. SeaFIC proposes the following non-standard differential deemed value regime.

SeaFIC Proposed SNA2 Deemed Value Regime									
	Catch to ACE Level								
	100-110%	110-120%	120-130%	130-140%	140-150%	150-160%	160-170%	170-180%	180%+
Proposed	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00	\$11.00	\$12.00	\$13.00

- 106 Area 2 Inshore supports the deemed value rates proposed by SeaFIC.
- 107 MFish considers that the on going over fishing of SNA2 is a concern given it is an important shared fishery. MFish is aware that industry believes that the TACC is too low. But until a TACC review is conducted, MFish believes that the proposed \$0.60 per kg increase in the annual deemed value rate is an appropriate response to current economic conditions. MFish believes the deemed value rates proposed in the IPP are appropriate and consistent with your obligations under s 75 (2) (a).
- 108 MFish recommends you approve the following deemed value rates for SNA2 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$5.00 per kg to \$5.60 per kg.
 - (b) Interim deemed value rate to increase from \$4.00 per kg to \$4.60 per kg.
 - (a) 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 SNA2

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SNA2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SNA2 (\$)
10	9.00 per kg	10	9.60 per kg
20	10.00 per kg	20	10.60 per kg
30	11.00 per kg	30	11.60 per kg
40	12.00 per kg	40	12.60 per kg
50	13.00 per kg	50	13.60 per kg
60	14.00 per kg	60	14.60 per kg
70	15.00 per kg	70	15.60 per kg
80	16.00 per kg	80	16.60 per kg

Kermadec Islands: BAR10, BCO10, BYX10, ELE10, FRO10, HOK10, JDO10, KAH10, MOK10, ORH10, PAD10, PAR10, PAU10, SCH10, SKI10, SPO10, STA10, SWA10, TAR10, TRE10 and WAR10

- 109 As discussed above, in the IPP, MFish proposed a standard approach to setting the deemed value rates for the Kermadec Islands (QMA10). That approach was to set the deemed value rate in QMA10 at the highest deemed value rate out of QMA1 or QMA2 for that species. QMA1 and QMA2 are being used as these are the two QMAs that border QMA10.
- 110 SeaFIC supports this approach for managing the deemed value rates of QMA10 stocks. AFL supported increasing the annual deemed value of the QMA10 stocks to match the highest annual deemed value rate out of QMA1 or QMA2 for that species but did not support the introduction of differential deemed values into QMA10 stocks.
- 111 MFish believes that differential deemed values should be used in QMA10, so that the maximum deemed value rates in QMA10 will be the same as in the adjoining QMAs. Therefore, the recommendations MFish is making to you are the same as those in the IPP.
- 112 MFish recommends you approve the following deemed value rates for BAR10 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$0.19 per kg to \$0.25 per kg.
 - (b) Interim deemed value rate to increase from \$0.10 per kg to \$0.12 per kg.
 - (c) Adjust the differential deemed value rates to match the proposed annual deemed value rate.

Table 7: Proposed differential deemed value rates for BAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BAR10 (\$)
20	0.23 per kg	20	0.30 per kg
40	0.27 per kg	40	0.35 per kg
60	0.30 per kg	60	0.40 per kg
80	0.34 per kg	80	0.45 per kg
100	0.38 per kg	100	0.50 per kg

- 113 MFish recommends you approve the following deemed value rates for BCO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.34 per kg to \$1.79 per kg.
- (b) Interim deemed value rate to increase from \$0.67 per kg to \$0.90 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 BCO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO10 (\$)
20	1.61 per kg	20	2.15 per kg
40	1.88 per kg	40	2.51 per kg
60	2.14 per kg	60	2.86 per kg
80	2.41 per kg	80	3.22 per kg
100	2.68 per kg	100	3.58 per kg

114 MFish recommends you approve the following deemed value rates for BYX10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.53 per kg to \$1.66 per kg.
- (b) Interim deemed value rate to increase from \$0.77 per kg to \$0.83 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 9: Proposed differential deemed value rates for BYX10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BYX10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BYX10 (\$)
20	1.84 per kg	20	1.99 per kg
40	2.14 per kg	40	2.32 per kg
60	2.45 per kg	60	2.66 per kg
80	2.75 per kg	80	2.99 per kg
100	3.06 per kg	100	3.32 per kg

115 MFish recommends you approve the following deemed value rates for ELE10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.48 per kg to \$1.67 per kg.
- (b) Interim deemed value rate to increase from \$0.24 per kg to \$0.84 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 10: Proposed differential deemed value rates for ELE10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for ELE10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for ELE10 (\$)
20	0.58 per kg	20	2.00 per kg
40	0.67 per kg	40	2.34 per kg
60	0.77 per kg	60	2.67 per kg
80	0.86 per kg	80	3.01 per kg
100	0.96 per kg	100	3.34 per kg

116 MFish recommends you approve the following deemed value rates for FRO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.15 per kg to \$0.26 per kg.

- (b) Interim deemed value rate to increase from \$0.08 per kg to \$0.13 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

117 MFish recommends you approve the following deemed value rates for HOK10 for the 2009-10 season:

- (a) Annual deemed value rate to decrease from \$1.16 per kg to \$0.90 per kg.
- (b) Interim deemed value rate to decrease from \$0.58 per kg to \$0.45 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 HOK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for HOK10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for HOK10 (\$)
20	1.39 per kg	20	1.08 per kg
40	1.62 per kg	40	1.26 per kg
60	1.86 per kg	60	1.44 per kg
80	2.09 per kg	80	1.62 per kg
100	2.32 per kg	100	1.80 per kg

118 MFish recommends you approve the following deemed value rates for JDO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$3.00 per kg to \$5.25 per kg.
- (b) Interim deemed value rate to increase from \$1.50 per kg to \$2.62 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 12: Proposed differential deemed value rates for JDO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for JDO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for JDO10 (\$)
20	3.60 per kg	20	6.30 per kg
40	4.20 per kg	40	7.35 per kg
60	4.80 per kg	60	8.40 per kg
80	5.40 per kg	80	9.45 per kg
100	6.00 per kg	100	10.50 per kg

119 MFish recommends you approve the following deemed value rates for KAH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.61 per kg to \$0.66 per kg.
- (b) Interim deemed value rate to increase from \$0.31 per kg to \$0.33 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 13: Proposed differential deemed value rates for KAH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for KAH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for KAH10 (\$)
20	0.73 per kg	20	0.79 per kg
40	0.85 per kg	40	0.92 per kg
60	0.98 per kg	60	1.06 per kg
80	1.10 per kg	80	1.19 per kg
100	1.22 per kg	100	1.32 per kg

120 MFish recommends you approve the following deemed value rates for MOK10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.75 per kg to \$0.88 per kg.
- (b) Interim deemed value rate to increase from \$0.38 per kg to \$0.44 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 14: Proposed differential deemed value rates for MOK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for MOK10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for MOK10 (\$)
20	0.90 per kg	20	1.06 per kg
40	1.05 per kg	40	1.23 per kg
60	1.20 per kg	60	1.41 per kg
80	1.35 per kg	80	1.58 per kg
100	1.50 per kg	100	1.76 per kg

121 MFish recommends you approve the following deemed value rates for ORH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.00 per kg to \$5.00 per kg.
- (b) Interim deemed value rate to increase from \$1.00 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 15: Proposed differential deemed value rates for ORH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for ORH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for ORH10 (\$)
20	2.40 per kg	20	6.00 per kg
40	2.80 per kg	40	7.00 per kg
60	3.20 per kg	60	8.00 per kg
80	3.60 per kg	80	9.00 per kg
100	4.00 per kg	100	10.00 per kg

122 MFish recommends you approve the following deemed value rates for PAD10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.90 per kg to \$2.10 per kg.
- (b) Interim deemed value rate to increase from \$0.45 per kg to \$1.05 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

123 MFish recommends you approve the following deemed value rates for PAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.31 per kg to \$0.34 per kg.
- (b) Interim deemed value rate to increase from \$0.16 per kg to \$0.17 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

124 MFish recommends you approve the following deemed value rates for PAU10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$60.00 per kg to \$66.00 per kg.
- (b) Interim deemed value rate to increase from \$30.00 per kg to \$50.00 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 16: Proposed differential deemed value rates for PAU10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for PAU10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for PAU10 (\$)
20	72.00 per kg	20	79.20 per kg
40	84.00 per kg	40	92.40 per kg
60	96.00 per kg	60	105.60 per kg
80	108.00 per kg	80	118.80 per kg
100	120.00 per kg	100	132.00 per kg

125 MFish recommends you approve the following deemed value rates for SCH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.81 per kg to \$1.98 per kg.
- (b) Interim deemed value rate to increase from \$0.41 per kg to \$0.99 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 17: Proposed differential deemed value rates for SCH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SCH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH10 (\$)
20	0.97 per kg	20	2.38 per kg
40	1.13 per kg	40	2.77 per kg
60	1.30 per kg	60	3.17 per kg
80	1.46 per kg	80	3.56 per kg
100	1.62 per kg	100	3.96 per kg

126 MFish recommends you approve the following deemed value rates for SKI10 for the 2009-10 season:

- (a) Annual deemed value rate to decrease from \$2.48 per kg to \$1.50 per kg.
- (b) Interim deemed value rate to decrease from \$1.24 per kg to \$0.75 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 18: Proposed differential deemed value rates for SKI10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SKI10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SKI10 (\$)
20	2.98 per kg	20	1.80 per kg
40	3.47 per kg	40	2.10 per kg
60	3.97 per kg	60	2.40 per kg
80	4.46 per kg	80	2.70 per kg
100	4.96 per kg	100	3.00 per kg

127 MFish recommends you approve the following deemed value rates for SPO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.70 per kg to \$2.70 per kg.
- (b) Interim deemed value rate to increase from \$0.85 per kg to \$1.35 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 19: Proposed differential deemed value rates for SPO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SPO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPO10 (\$)
20	2.04 per kg	20	3.24 per kg
40	2.38 per kg	40	3.78 per kg
60	2.72 per kg	60	4.32 per kg
80	3.06 per kg	80	4.86 per kg
100	3.40 per kg	100	5.40 per kg

128 MFish recommends you approve the following deemed value rates for STA10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.56 per kg to \$0.68 per kg.
- (b) Interim deemed value rate to increase from \$0.28 per kg to \$0.34 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 20: Proposed differential deemed value rates for STA10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for STA10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA10 (\$)
20	0.67 per kg	20	0.82 per kg
40	0.78 per kg	40	0.95 per kg
60	0.90 per kg	60	1.09 per kg
80	1.01 per kg	80	1.22 per kg
100	1.12 per kg	100	1.36 per kg

129 MFish recommends you approve the following deemed value rates for SWA10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.87 per kg to \$1.22 per kg.
- (b) Interim deemed value rate to increase from \$0.44 per kg to \$0.50 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 21: Proposed differential deemed value rates for SWA10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SWA10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SWA10 (\$)
20	1.04 per kg	20	1.46 per kg
40	1.22 per kg	40	1.71 per kg
60	1.39 per kg	60	1.95 per kg
80	1.57 per kg	80	2.20 per kg
100	1.74 per kg	100	2.44 per kg

130 MFish recommends you approve the following deemed value rates for TAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.09 per kg to \$3.00 per kg.
- (b) Interim deemed value rate to increase from \$1.05 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 22: Proposed differential deemed value rates for TAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TAR10 (\$)
20	2.51 per kg	20	3.60 per kg
40	2.93 per kg	40	4.20 per kg
60	3.34 per kg	60	4.80 per kg
80	3.76 per kg	80	5.40 per kg
100	4.18 per kg	100	6.00 per kg

131 MFish recommends you approve the following deemed value rates for TRE10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.77 per kg to \$1.10 per kg.
- (b) Interim deemed value rate to increase from \$0.39 per kg to \$0.55 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 23: Proposed differential deemed value rates for TRE10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TRE10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TRE10 (\$)
20	0.92 per kg	20	1.32 per kg
40	1.08 per kg	40	1.54 per kg
60	1.23 per kg	60	1.76 per kg
80	1.39 per kg	80	1.98 per kg
100	1.54 per kg	100	2.20 per kg

132 MFish recommends you approve the following deemed value rates for WAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.75 per kg to \$1.09 per kg.
- (b) Interim deemed value rate to increase from \$0.38 per kg to \$0.55 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 24: Proposed differential deemed value rates for WAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for WAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for WAR10 (\$)
20	0.90 per kg	20	1.31 per kg
40	1.05 per kg	40	1.53 per kg
60	1.20 per kg	60	1.74 per kg
80	1.35 per kg	80	1.96 per kg
100	1.50 per kg	100	2.18 per kg

Anchovy, Pilchard and Sprat: All ANC, PIL and SPR stocks

- 133 Anchovy (ANC), Pilchard (PIL) and Sprat (SPR) were introduced into QMS on 1 October 2002. The combined TACCs are 560 tonnes (ANC), 2,485 tonnes (PIL) and 450 tonnes (SPR). All three species form compact schools, particularly during the warmer months and larger fishes, seabirds, and marine mammals prey heavily upon these schools. Thus all three species are extremely important from an ecosystem point of view as a food source for other marine species.
- 134 MFish has limited information on the landed price of ANC or SPR product or on the ACE price for these species. When these three species were brought into the QMS, MFish used its limited information to set an annual deemed value of \$0.06 per kg and an interim deemed value of \$0.03 per kg for all ANC and SPR stocks and an annual deemed value of \$0.60 per kg and an interim deemed value of \$0.30 per kg for all PIL stocks. MFish assumed then that the price and fishing costs will be similar across all QMAs. If different stocks of ANC, PIL or SPR have the same landed prices and face the same costs, then the ACE price will be similar. And if landed price and ACE price are similar, then the same deemed value will create the correct incentives to balance catches with ACE.
- 135 While there is currently no major markets for ANC or SPR and limited markets for PIL there is a risk that if one is discovered, these species could be fished extensively on deemed values. This is a concern not only for the sustainability of these stocks but also for the sustainability of other ecosystem functions.
- 136 In the IPP, MFish did not propose that the annual or interim deemed values for any ANC, PIL and SPR stock be changed. MFish stated it believed that ANC and SPR would be targeted in large volumes, so its concerns about transaction costs (paragraphs 60-64) are less relevant. However, MFish did invite specific comments about whether the annual deemed value rates (\$0.06 per kg for all ANC and SPR stocks) are too low in light of potential ACE value and/or transaction costs. No submissions address this as an issue.
- 137 In the IPP, MFish did propose to recommend that a standard differential deemed values regime be introduced into all ANC, PIL and SPR stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking. There may be risks that these stocks could be targeted in the future if, for example, feed demand for aquaculture expanded substantially.
- 138 AFL supports the introduction of differential deemed value rates for all ANC, PIL and SPR stocks as set out in the IPP.

- 139 SeaFIC does not support introducing differential deemed values into all ANC, PIL and SPR stocks. SeaFIC submits that when the fishstocks were introduced into the QMS, the TACCs were acknowledged to be indicative only and would be re-considered when the fisheries were proven. SeaFIC submits that introducing differential deemed values to lock down the fishing effort to the current TACCs, particularly in PIL8, is contrary to the Ministry's express intent and strategy for these fishstocks.
- 140 MFish acknowledges that the TACCs were set indicatively when these stocks were introduced into the QMS. However, MFish considers the risk to these fisheries is significant if fish meal demand expands rapidly. MFish considers that if the TACC in PIL8 is constraining fishing effort then industry should seek a TACC review. Therefore, MFish is recommending the same deemed value rates as were set out in the IPP.
- 141 MFish recommends you approve the following deemed value rates for ANC1, ANC2, ANC3, ANC4, ANC7, ANC8 and ANC10 for the 2009-10 season:
- (a) Annual deemed value rate for all ANC stocks to remain at \$0.06 per kg;
 - (b) Interim deemed value rate for all ANC stocks to remain at \$0.03 per kg;
 - (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 25: Proposed differential deemed value rates for all ANC stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all ANC stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all ANC stocks (\$)
20	Differential deemed values currently do not apply	20	0.07 per kg
40		40	0.08 per kg
60		60	0.10 per kg
80		80	0.11 per kg
100		100	0.12 per kg

- 142 MFish recommends you approve the following deemed value rates for PIL1, PIL2, PIL3, PIL4, PIL7, PIL8 and PIL10 for the 2009-10 season:
- (a) Annual deemed value rate for all PIL stocks to remain at \$0.60 per kg;
 - (b) Interim deemed value rate for all PIL stocks to remain at \$0.30 per kg;
 - (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 26: Proposed differential deemed value rates for all PIL stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all PIL stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all PIL stocks (\$)
20	Differential deemed values currently do not apply	20	0.72 per kg
40		40	0.84 per kg
60		60	0.96 per kg
80		80	1.08 per kg
100		100	1.20 per kg

- 143 MFish recommends you approve the following deemed value rates for SPR1, SPR3, SPR4, SPR7 and SPR10 for the 2009-10 season:

- (a) Annual deemed value rate for all SPR stocks to remain at \$0.06 per kg;
- (b) Interim deemed value rate for all SPR stocks to remain at \$0.03 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 27: Proposed differential deemed value rates for all SPR stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all SPR stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all SPR stocks (\$)
20	Differential deemed values currently do not apply	20	0.07 per kg
40		40	0.08 per kg
60		60	0.10 per kg
80		80	0.11 per kg
100		100	0.12 per kg

Jack Mackerel: JMA1

- 144 In JMA 1, the jack mackerel catch is largely (about 96% of annual landings) taken by the purse seine fishery operating in the Bay of Plenty and on the east Northland coast. Some trawl bycatch of jack mackerel has been recorded in JMA1.
- 145 JMA1 was included in this review because the TACC was over-fished (367 tonnes above available ACE or 103% of ACE caught) during the 2007-08 fishing year resulting in deemed value invoices of \$76,757 being incurred.
- 146 One company was responsible for 99% of these payments. Standard differential deemed values are currently in place in JMA1.
- 147 The existence of over-fishing during the 2007-08 fishing year does mean that fishers may not have the appropriate incentives to acquire sufficient ACE to balance their catch. You are required to consider if the appropriate incentives are in place under s 75 (2) (a). You may also have regard to the extent to which catch of the stock has exceeded or is likely to exceed the TACC in any year (s 75 (2) (b) (v)).
- 148 In the IPP, MFish proposed that a non-standard differential deemed value rate regime be applied in JMA1 in two incremental stages; for catch that is 110% of ACE holdings a rate of \$0.23 per kg was proposed and for catch that is 200% of ACE holdings a rate of \$0.30 per kg was proposed.
- 149 This approach would help provide the incentive to all fishers to acquire the appropriate ACE to cover their catch in JMA1. This is consistent with s 75 (2) (a) of the Act.
- 150 AFL supports the deemed value rates for JMA1 set out in the IPP.
- 151 Sanford and SeaFIC propose that the annual deemed value rate be increased to \$0.24 per kg and propose the differential deemed value rates should be \$0.36 per kg at 110% and \$0.50 per kg at 150%.
- 152 Sanford and SeaFIC both submit indications are that the dockside price for mackerel is close to \$0.30 per kg and that the export price for JMA averages \$1.92 per kg. They also submit that the current annual deemed value appears too low in comparison to landed price to provide incentives to balance catch with ACE.

- 153 In light of the landed price information received in submission, MFish has decided to recommend that you approve the deemed value rates proposed by Sanford and SeaFIC instead of those proposed in the IPP. MFish agrees with Sanford and SeaFIC that these rates provide stronger incentives to fishers to balance their catch with ACE.
- 154 MFish recommends you approve the following deemed value rates for JMA1 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$0.15 per kg to \$0.24 per kg.
 - (b) Interim deemed value rate to increase from \$0.08 per kg to \$0.12 per kg.
 - (c) Introduce a non-standard differential deemed value rate regime into this fishery at the rates outlined in the table below.

Table 28: Proposed differential deemed value rates for JMA1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for JMA1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for JMA1 (\$)
20	0.18 per kg	10	0.36 per kg
40	0.21 per kg		
60	0.24 per kg		
80	0.27 per kg		
100	0.30 per kg	50	0.50 per kg

Barracouta: BAR7

- 155 Barracouta are caught in coastal waters around mainland New Zealand, the Snares and Chatham Islands, down to about 400 m. Over 99% of the recorded catch is taken by trawlers.
- 156 BAR7 has been included in this review because the TACC was overcaught by 32% during the 2006/2007 fishing year. In the IPP, to ensure the correct incentives are provided under s 75 (2) (a), MFish proposed increasing the annual and interim deemed value rate and to adjust the differential deemed values in BAR7.
- 157 Note that the previous Minister's decision to raise the annual deemed value rate for BAR7 from \$0.19 per kg to \$0.25 per kg was overturned in the *Pacific Trawling Limited and Independent Fisheries Limited v The Minister of Fisheries*, High Court, Napier, CIV 2007-441-1016, 29 August 2008 ("*Pacific Trawling*") decision. That same change was being proposed in the IPP.
- 158 The previous decision had been to set BAR7 deemed value rates in line with BAR5. However, this decision was overturned in the court case. Justice Priestly stated that there might be a reason to set the same deemed value rate in BAR7 as in BAR5, but the Minister had failed to explain the reasons for making that decision.
- 159 At the time of the Minister's October 2007 deemed value review decision, the 2006/07 TACC for BAR7 had not been exceeded. However, at the end of the 2006/2007 fishing year, the TACC for BAR7 had been overcaught by 32%. MFish believes because of the substantial overcatch in 2006/07 and the fact that there is a risk that it could occur again means that BAR7 requires an annual deemed value increase to maintain the appropriate incentives under s 75 (2) (a).

- 160 Note that 2006/07 was the last full fishing year under the \$0.19 per kg annual deemed value rate for BAR7. Because of the result of the *Pacific Trawling* case, part of the 2007/08 fishing year was conducted when fishers expected to pay the \$0.25 per kg annual deemed value rate. Therefore, the 2007-08 catches are not necessarily indicative of fishing patterns under a \$0.19 per kg annual deemed value rate.
- 161 In the IPP, MFish noted that the deemed value setting of \$0.25 per kg introduced in BAR5 in 2007 has managed the overcatch problem. MFish believed that because BAR7 is economically similar to BAR5, the same deemed value settings would remedy the incentives to exceed the TACC.
- 162 In the IPP, MFish proposed to recommend that the standard differential deemed values regime be retained in BAR7 and that this be adjusted to match the proposed annual deemed value rate. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).
- 163 AFL proposes increasing the annual deemed value rate for BAR7 stocks to \$0.22 per kg as the highest ACE price paid in the current fishing year was \$0.20 per kg. AFL submits that introducing differential deemed value rates into the fishery is unnecessary.
- 164 ESL does not support the deemed value rates for BAR7 set out in the IPP. ESL proposes that the current deemed value rates for BAR7 be retained. ESL submits that the current deemed value rates are having the desired effect and there is no reason to change them.
- 165 SeaFIC does not support the deemed value rates for BAR7 set out in the IPP. SeaFIC proposes that the current deemed value rates for BAR7 be retained. SeaFIC submits that there is no over-catch in BAR7 and there is no need to adjust the deemed value to provide an incentive to match catch with ACE. SeaFIC submits that with ACE prices for BAR7 averaging \$0.14 per kg and deemed values being at \$0.19 per kg, the current deemed values provide an effective incentive to balance catch with ACE.
- 166 MFish believes that the 32% overfishing in 2006/07 at the current annual deemed value rate of \$0.19 per kg indicates a continuing risk of BAR7 being overcaught in the future. Therefore, MFish recommends you increase the annual and interim deemed value rates.
- 167 MFish will make a slightly different recommendation than that proposed in the IPP. MFish recommends setting the annual deemed value rate at \$0.10 above the average ACE price of \$0.14 per kg to allow for transaction costs. Therefore, MFish recommends an annual deemed value rate of \$0.24 per kg with corresponding adjustments to the interim and differential deemed value rates.
- 168 MFish recommends you approve the following deemed value rates for BAR7 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$0.19 per kg to \$0.24 per kg.
 - (b) Interim deemed value rate to increase from \$0.10 per kg to \$0.12 per kg.

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

Table 29: Proposed differential deemed value rates for BAR7

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BAR7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BAR7 (\$)
20	0.23 per kg	20	0.29 per kg
40	0.27 per kg	40	0.34 per kg
60	0.30 per kg	60	0.38 per kg
80	0.34 per kg	80	0.43 per kg
100	0.38 per kg	100	0.48 per kg

Bluenose: BNS2

- 169 The most important domestic bluenose fishery is found off the Hawke’s Bay and Wairarapa coasts (BNS2). Over the past five fishing years bluenose has been increasingly targeted by commercial longline vessels. Historically bluenose was a major bycatch of the alfonsino and gemfish target trawl fisheries.
- 170 Bluenose (BNS2) was included in this review because there has been an increase in the port price in BNS2 from \$3.74 per kg to \$5.27 per kg (an increase of \$1.53 per kg).
- 171 The increase in the port price of \$1.53 per kg raises questions as to whether fishers have the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a). You may also have regard to the market value of the stock in setting deemed values under s 75 (2) (b) (iii). MFish believes that when the price of a species increases, there is an increased probability that incentives to land catches in excess of the TACC will arise.
- 172 On 1 October 2008, the TACC for BNS2 was decreased from 1048 tonnes to 902 tonnes. This was done in response to concerns about the sustainability of the fishery. Given concerns about the fishery, in the IPP, MFish proposed to increase the annual and interim deemed values for BNS2 to reflect the increase in port price. MFish also proposed to adjust the differential deemed values in BNS2 to reflect the proposed annual deemed values.
- 173 AFL proposes increasing the annual deemed value rate for BNS2 stocks to \$3.60 per kg as the highest ACE price paid in the current fishing year was \$3.50 per kg. AFL support the differential deemed value rates proposed in the IPP.
- 174 Area 2 Inshore does not support the deemed value rates for BNS2 set out in the IPP. Area 2 Inshore propose that the current deemed value rates for BNS2 be retained. They believe the current port price for BNS2 is \$3.60 per kg and that the current deemed value rates are providing the correct incentives to balance catch with ACE.
- 175 SeaFIC does not support the deemed value rates for BNS2 set out in the IPP. SeaFIC proposes that the current deemed value rates for BNS2 be retained. SeaFIC submits that there is no over-catch and the movement in port price is two years’ old. Therefore, there are no grounds to review the BNS2 deemed value rates and there is no need to increase the deemed values.

- 176 MFish considers that overfishing in BNS2 may have contributed to the TACC being reduced at the start of the 2008/2009 fishing year. Given the sustainability concerns and that the highest ACE price paid in the current fishing year was \$3.50 per kg, increasing the annual deemed value rate to \$4.00 per kg is appropriate. Therefore, MFish is recommending that you approve the deemed value rates set out in the IPP for BNS2.
- 177 Note that a non-standard differential deemed value regime was introduced into BNS2 at the start of the 2007/08 fishing year.
- 178 MFish recommends you approve the following deemed value rates for BNS2 for the 2009-10 season:
- Annual deemed value rate to increase from \$3.00 per kg to \$4.00 per kg.
 - Interim deemed value rate to increase from \$1.50 per kg to \$2.00 per kg.
 - Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 30: Proposed differential deemed value rates for BNS2

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 BNS2 (\$)
5	4.00 per kg	5	5.00 per kg
10	5.00 per kg	10	6.00 per kg
20	6.00 per kg	20	7.00 per kg
30	7.00 per kg	30	8.00 per kg
40	8.00 per kg	40	9.00 per kg
50	9.00 per kg	50	10.00 per kg
60	10.00 per kg	60	11.00 per kg

Green Lipped Mussel: GLM9

- 179 Green-lipped mussels were introduced into the QMS on 1 October 2004. GLM9 is primarily a spat collecting fishery where spat attached to beachcast seaweed is collected and then supplied to aquaculture companies to be grown into adult green lipped mussels.
- 180 GLM9 has been included in this review because of deemed values being paid when ACE remained unused. During the 2007-08 fishing year deemed value invoices of \$7,961 were issued when 29% of ACE remained unused.
- 181 When GLM was introduced into the QMS on 1 October 2004, MFish considered that deemed values for the stock could be set either as a 'low knowledge' species, or a high value single species. The low knowledge option was considered reasonable on the basis that the GLM9 fishery was suggested to not have pressing sustainability concerns and it was appropriate to only have a small incentive to balance catch with ACE. The other option presented in the Final Advice Paper (FAP) was that the deemed values for GLM stocks should be set using the high value single stock approach due to their high commercial value. The threshold port price for adopting the high value single species deemed value approach was met (ie, \$4.00 per kg), however, some flexibility was considered appropriate for this stock, and the low knowledge option was adopted at the time.

- 182 Port price information for GLM9 has consistently been in the range appropriate for application of the high value single stock approach. From a sustainability perspective, the integrity of the TACC should be maintained, particularly in an environment where future demand may give rise to increased commercial catches. There remains a need to be cautious in the management approach for this stock, as little is known about the underlying biological systems that generate and provide the basis for the fishery. In the IPP, MFish proposed that the high value single stock approach to setting deemed value rates be applied to GLM9, as the weight of information now supports that approach. This approach is explained in paragraph 70.
- 183 The fact that fishers are willing to pay the deemed values when ACE remains unused raises questions whether fishers have the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a).
- 184 In the IPP, MFish proposed that the annual deemed value rate be set at twice the port price and that the interim deemed value rate be set at 50% of the proposed annual deemed value rate. The IPP proposed an annual deemed value rate of \$8.70 per kg.
- 185 MFish also proposed to recommend that a standard differential deemed values regime be introduced into GLM9. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).
- 186 AFL proposes increasing the annual deemed value rate for GLM9 stocks to \$4.00 per kg as they believe that a deemed value rate below \$4.00 per kg would distort the ACE price. AFL support the introduction of differential deemed value rates as proposed in the IPP.
- 187 AQNZ and SeaFIC do not support setting the deemed value rates for GLM9 using the “high value single stock” approach. They submit that the current deemed value rates should be retained.
- 188 Sanford supports the deemed value rates for GLM9 set out in the IPP.
- 189 KSL supports the deemed value rates for GLM9 set out in the IPP but notes they sell GLM9 spat to mussel farmers for between \$11.00 and \$16.10 per kg plus ACE of \$2.00 per kg plus GST. KSL believes that while \$8.70 per kg annual deemed value may provide the right incentives, it is possible that a fisher could still make a small profit paying deemed values on their mussel spat catch.
- 190 MFish notes that there are conflicting views among submitters on the appropriate deemed value rates for GLM9.
- 191 MFish notes that the two largest quota owners (KSL and Sanford) both support the deemed value rates as proposed in the IPP. KSL submitted that they though the appropriate deemed value rates could be even higher than those in the IPP. AFL also submit that the deemed value rates should be increased but only to \$4.00 per kg.
- 192 AQNZ and SeaFIC both submit that the deemed value rates should not be set using the “high value single stock” approach. They both submit that the current deemed

value rates should be retained.

- 193 After considering the submissions, MFish agrees that the deemed value rates should not be set using the “high value single stock” approach but an increase in the deemed value rates is appropriate given the landed price information provided. MFish recommends an annual deemed value rate of \$6.00 per kg. This is above the ACE price of \$2.00 per kg and still well below the landed value of \$13.00 per kg to \$18.00 per kg. Because this is a single target species and because harvesters can manage their catches very precisely, an annual deemed value rate well above ACE price is appropriate.
- 194 Therefore, MFish is recommending that you approve the deemed value rates that are different from those set out in the IPP. MFish will monitor the amount of deeming in the GLM9 fishery during the 2009-10 fishing year to see if the deemed value rates proposed below are providing the appropriate incentives for fishers to cover their catch with ACE.
- 195 As proposed in the IPP, MFish recommends the introduction of differential deemed values. Differential deemed values are very appropriate in this single species fishery. Differential deemed values provide a backstop to constrain fishing on deemed values if, for example, prices should increase.
- 196 MFish recommends you approve the following deemed value rates for GLM9 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$2.61 per kg to \$6.00 per kg.
 - (b) Interim deemed value rate to increase from \$1.31 per kg to \$3.00 per kg.
 - (c) Introduce differential deemed value rates into this fishery at the rates outlined in the table below.

Table 31: Proposed differential deemed value rates for GLM9

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for GLM9 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GLM9 (\$)
20	Differential deemed values currently do not apply	20	7.20 per kg
40		40	8.40 per kg
60		60	9.60 per kg
80		80	10.80 per kg
100		100	12.00 per kg

Dark Ghostshark: All GSH stocks

- 197 Two species (dark and pale ghost sharks) make up effectively all the commercial ghost shark landings. Both ghost shark species are taken almost exclusively as a bycatch of other target trawl fisheries. Dark ghost shark occur through much of the New Zealand EEZ in depths from 30 to 850m, but they are sparse north of 40° S and have not been recorded from the Bounty Platform.
- 198 During the 2007-08 fishing year, 143% of ACE (30 tonnes above available ACE) was caught in GSH2 resulting in deemed value invoices of \$11,644 being incurred, 146% of ACE (177 tonnes above available ACE) was caught in GSH4 resulting in deemed value invoices of \$60,112 being incurred and 123% of ACE (5 tonnes above available

ACE) was caught in GSH8 resulting in deemed value invoices of \$2,852 being incurred.

Differential deemed values for all GSH stocks

- 199 As indicated in paragraphs 79-94, MFish is concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. Currently differential deemed values rates do not apply to any GSH stock.
- 200 In the IPP, MFish proposed to recommend that a standard differential deemed values regime be introduced into all GSH stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).
- 201 AFL does not support the differential deemed value rates for all GSH stocks set out in the IPP. AFL submits that differential deemed values are not appropriate in these fisheries.
- 202 Area 2 Inshore does not support the differential deemed value rates for GSH2 set out in the IPP. Area 2 Inshore proposes that the current deemed value rates for this stock be retained until a TACC review is done.
- 203 ESL does not support the differential deemed value rates for all GSH stocks as set out in the IPP. ESL proposes that the current deemed value rates for these stocks be retained until a TACC review for all GSH stocks is done.
- 204 SeaFIC does not support the differential deemed value rates for all GSH stocks set out in the IPP. SeaFIC submits that the TACCs are not being exceeded and there insufficient ACE available to balance catch. Therefore, there is no need to impose differential deemed values on any GSH stocks.
- 205 MFish believes that it is appropriate to set deemed values that are forward looking. There is a risk that GSH stocks will be overfished as many GSH TACCs have been exceeded in the past. It has apparently been profitable to land against the deemed value rates in the past. The biology of sharks makes them vulnerable to overfishing. Therefore, MFish recommends that differential deemed values be introduced to limit incentives to land in excess of TACCs. MFish recommends that you approve the standard differential deemed value rates for all GSH stocks as proposed in the IPP.

Dark Ghostshark: GSH3 and GSH6

- 206 The ACE price for GSH3 is \$0.03 per kg. To provide an incentive to acquire ACE, in the IPP, MFish proposed that the deemed value be increased from \$0.05 per kg to \$0.15 per kg. This will provide a margin of slightly over \$0.10 per kg between ACE price and the deemed value rate. As per paragraphs 60-64, this difference will insure that transaction costs of acquiring ACE do not create incentives to deem.
- 207 The ACE price for GSH6 is \$0.04 per kg. To provide an incentive to acquire ACE, in the IPP, MFish proposed that the deemed value be increased from \$0.05 per kg to \$0.15 per kg. This will provide a margin of slightly over \$0.10 per kg between ACE

price and the deemed value rate. As per paragraphs 60-64, this difference will insure that transaction costs of acquiring ACE do not create incentives to deem.

- 208 AFL and SeaFIC support increasing the annual deemed value rate for GSH3 and GSH6 to \$0.15 per kg but submit that differential deemed values are not appropriate in these fisheries.
- 209 ESL does not support the deemed value rates for GSH3 and GSH6 set out in the IPP. ESL proposes that the current deemed value rates for these stocks be retained until a TACC review for all GSH stocks is done.
- 210 MFish recommends that you approve the deemed value rates for GSH3 and GSH6 as proposed in the IPP.

Dark Ghostshark: GSH10

- 211 As with other QMA10 stocks, in the IPP, MFish proposed to recommend that the deemed value rates for GSH10 be set at the same rate as for GSH1. This is appropriate because the only significant incentive raised under s 75 (2) (a) is potential misreporting. See paragraphs 73-78 for further discussion.
- 212 MFish also proposes to introduce standard differential deemed value rates into GSH10 because they are recommended for GSH1.
- 213 No submissions were received on GSH10 specifically so MFish recommends that you approve the deemed value rates for GSH10 as proposed in the IPP.

Dark Ghostshark Summary

- 214 MFish recommends you approve the following deemed value rates for GSH1, GSH2, GSH3, GSH4, GSH5, GSH6, GSH7, GSH8, GSH9 and GSH10 for the 2009-10 season:
- (a) Annual deemed value rate for:
 - i) GSH1: remain at \$0.43 per kg;
 - ii) GSH2: remain at \$0.37 per kg;
 - iii) GSH3: increased from \$0.05 to \$0.15 per kg;
 - iv) GSH4: remain at \$0.34 per kg;
 - v) GSH5: remain at \$0.15 per kg;
 - vi) GSH6: increased from \$0.08 to \$0.15 per kg;
 - vii) GSH7: remain at \$0.34 per kg;
 - viii) GSH8: remain at \$0.39 per kg;
 - ix) GSH9: remain at \$0.39 per kg;
 - x) GSH10: increased from \$0.09 to \$0.43 per kg;
 - (b) Interim deemed value rate for:
 - xi) GSH1: remain at \$0.22 per kg;

- xii) GSH2: remain at \$0.19 per kg;
- xiii) GSH3: increased from \$0.03 to \$0.08 per kg;
- xiv) GSH4: remain at \$0.17 per kg;
- xv) GSH5: remain at \$0.17 per kg;
- xvi) GSH6: increased from \$0.04 to \$0.08 per kg;
- xvii) GSH7: remain at \$0.17 per kg;
- xviii) GSH8: remain at \$0.20 per kg;
- xix) GSH9: remain at \$0.20 per kg;
- xx) GSH10: increased from \$0.05 to \$0.22 per kg;

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

Table 32: Proposed differential deemed value rates for all GSH stocks

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all GSH stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH1 & GSH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH2 (\$)
20	Differential deemed values currently do not apply	20	0.52 per kg	20	0.44 per kg
40		40	0.60 per kg	40	0.52 per kg
60		60	0.69 per kg	60	0.59 per kg
80		80	0.77 per kg	80	0.67 per kg
100		100	0.86 per kg	100	0.74 per kg

Proposed differential rates					
Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH3, GSH5 & GSH6 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH4 & GSH7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH8 & GSH9 (\$)
20	0.18 per kg	20	0.41 per kg	20	0.47 per kg
40	0.21 per kg	40	0.48 per kg	40	0.55 per kg
60	0.24 per kg	60	0.54 per kg	60	0.62 per kg
80	0.27 per kg	80	0.61 per kg	80	0.70 per kg
100	0.30 per kg	100	0.68 per kg	100	0.78 per kg

Pale Ghostshark: All GSP stocks

215 Two species (dark and pale ghost sharks) make up effectively all the commercial ghost shark landings. Both ghost shark species are taken almost exclusively as a bycatch of other target trawl fisheries. Pale ghost shark occur throughout the EEZ and have been recorded in depths ranging from 270 to 1200m.

Pale Ghostshark: GSP1 and GSP5

216 The ACE price of GSP1 is \$0.04 per kg. To provide appropriate incentives to acquire ACE, the deemed value should exceed ACE price by a minimum of \$0.10 per kg. Therefore, in the IPP, MFish proposed an annual deemed value rate of \$0.15 per kg for GSP1.

- 217 The ACE price of GSP5 is \$0.03 per kg. To provide appropriate incentives to acquire ACE, the deemed value should exceed ACE price by a minimum of \$0.10 per kg. Therefore, in the IPP, MFish proposed an annual deemed value rate of \$0.15 per kg for GSP5.
- 218 AFL supports increasing the annual deemed value rate for GSP1 and GSP5 to \$0.15 per kg but submits that differential deemed values are not appropriate in these fisheries as the TACCs are undercaught.
- 219 SeaFIC does not support the deemed value rates for GSP1 and GSP5 set out in the IPP. SeaFIC proposes that the current deemed value rates for these stocks be retained. SeaFIC submits that with no over-catch and all catch balanced with ACE, there are no grounds to assert that the existing deemed value rates are not achieving their objective of ensuring catch is balanced with ACE.
- 220 MFish believes in light of ACE prices and allowing for transaction costs, that the annual deemed values rates for GSP1 and GSP5 should be increased to \$0.15 per kg. MFish recommends that you approve the deemed value rates for GSP1 and GSP5 as proposed in the IPP.

Differential deemed value for all GSP stocks

- 221 As indicated in paragraphs 79-94, MFish is concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. Currently differential deemed values rates do not apply to any GSP stock.
- 222 In the IPP, MFish proposed to recommend that a standard differential deemed values regime is introduced into all GSP stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).
- 223 AFL does not support the introduction of differential deemed value rates for GSP7 set out in the IPP. AFL proposes that the current deemed value rates for GSP7 be retained as the TACC is undercaught.
- 224 SeaFIC does not support the differential deemed value rates for GSP7 set out in the IPP. SeaFIC proposes that the current deemed value rates for GSP7 be retained. SeaFIC submits that with no over-catch and all catch balanced with ACE, there are no grounds to assert that the existing deemed value rates are not achieving their objective of ensuring catch is balanced with ACE.
- 225 MFish believes that it is appropriate to set deemed values that are forward looking. In light of the vulnerability of sharks to overfishing, MFish recommends the introduction of differential deemed value rates. MFish recommends that you approve the standard differential deemed value rates for all GSP stocks as proposed in the IPP.

Pale Ghostshark Summary

- 226 MFish recommends you approve the following deemed value rates for GSP1, GSP5 and GSP7 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) GSP1: increased from \$0.05 to \$0.15 per kg;
 - ii) GSP5: increased from \$0.05 to \$0.15 per kg;
 - iii) GSP7: remain at \$0.34 per kg;
- (b) Interim deemed value rate for:
 - iv) GSP1: increased from \$0.03 to \$0.08 per kg;
 - v) GSP5: increased from \$0.03 to \$0.08 per kg;
 - vi) GSP7: remain at \$0.17 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 33: Proposed differential deemed value rates for all GSP stocks

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all GSP stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSP1 & GSP5 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH7 (\$)
20	Differential deemed values currently do not apply	20	0.18 per kg	20	0.41 per kg
40		40	0.21 per kg	40	0.48 per kg
60		60	0.24 per kg	60	0.54 per kg
80		80	0.27 per kg	80	0.61 per kg
100		100	0.30 per kg	100	0.68 per kg

Spiny Dogfish: All SPD stocks

- 227 Spiny dogfish are found throughout the southern half of New Zealand, extending to East Cape and Manakau Harbour on the east and west coasts of the North Island respectively. Spiny dogfish caught by the deepwater and midwater fleet are taken as a bycatch in the jack mackerel, barracouta, hoki, red cod, and arrow squid fisheries, in depths from 100 to 500m. Spiny dogfish are also taken as bycatch by inshore trawlers, setnetters and longliners targeting flatfish, snapper, tarakihi and gurnard.
- 228 There were small deemed value invoices were incurred in SPD1 (\$458), SPD3 (\$353), SPD4 (\$1,243), SPD5 (<\$20), SPD7 (\$1,568) and SPD8 (\$358) when ACE remained unused during the 2007-08 fishing year. Note that the tonnages are significant even though the dollar values are modest. The current deemed value rates are equal to \$50 per tonne of SPD. Also the 2008-09 port prices for all SPD stocks increased slightly. SPD3 increased from \$0.51 per kg to \$0.58 per kg, while the remaining SPD stocks increased from \$0.50 per kg (except for SPD7 which was at \$0.52 per kg) to \$0.56 per kg.
- 229 The ACE price for SPD stocks range from \$0.02 per kg to \$0.03 per kg. MFish has suggested above that deemed values should be about \$0.10 per kg greater than ACE prices, so that the incentives are to incur both the ACE price and the transaction costs of acquiring ACE. The widespread payment of deemed values when ACE was available in SPD stocks clearly indicate that the current incentive is to deem.
- 230 In the IPP, MFish proposed recommending that the annual deemed value rates for all SPD stocks be set at \$0.10 per kg. A somewhat higher increase could perhaps be justified to provide stronger incentives to acquire ACE. However, MFish proposed to

recommend this small increase for 1 October 2009. If deeming continues MFish would probably recommend further increases.

- 231 As indicated in paragraphs 79-94, MFish is concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. Currently differential deemed values rates do not apply to any SPD stock.
- 232 In the IPP, MFish proposed to recommend that a standard differential deemed values regime is introduced into all SPD stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).
- 233 AFL supports increasing the annual deemed value rate for all SPD stocks to \$0.10 per kg but submits that differential deemed values are not appropriate in these fisheries.
- 234 ESL does not support the deemed value rates for all SPD stocks as set out in the IPP. ESL proposes that the current deemed value rates for all SPD stocks be retained. ESL submits that none of the SPD TACCs have been overcaught and that SPD has little or no commercial value. Therefore, ESL argues that there is no reason to alter the deemed value rates for SPD.
- 235 SeaFIC does not support the deemed value rates for all SPD stocks as set out in the IPP. SeaFIC proposes that the current deemed value rates for all SPD stocks be retained. SeaFIC does not agree that the existing deemed values do not provide sufficient incentive to balance catch with ACE. SeaFIC submits that while the Ministry may contend that the dock price for SPD is around \$0.56 per kg, it should be noted that many Licensed Fish Receivers do not purchase spiny dogfish at all and the only option for fishers is to return the catch to the sea.
- 236 MFish agrees with submitters that the commercial value of SPD is low. However, it is clear that the current \$0.05 per kg annual deemed value rate is not providing the appropriate incentives to fishers to balance their catch with ACE. Therefore, MFish is recommending that you approve the increase to the annual and interim deemed value rates for all SPD stocks as outlined in the IPP.
- 237 MFish notes that SPD is unique with respect to being able to be returned to the sea. Under Schedule 6 of the Fisheries Act, SPD may be returned to the sea dead or alive but still must be recorded against ACE. In light of this unique treatment, MFish agrees that the differential deemed value rates may not appropriate in these fisheries. Therefore, MFish is changing its advice from the IPP and is recommending that differential deemed value rates continue to not be used in these fisheries.
- 238 MFish recommends you approve the following deemed value rates for SPD1, SPD3, SPD4, SPD5, SPD7, SPD8 and SPD10 for the 2009-10 season:
- (a) Annual deemed value rate for all SPD stocks to increase from \$0.05 to \$0.10 per kg;
 - (b) Interim deemed value rate for all SPD stocks to increase from \$0.03 to \$0.05 per kg;

- (c) Continue to have no differential deemed value rates in these fisheries.

Sea Perch: SPE2, SPE3, SPE4, SPE7 and SPE10

239 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 1200m and are most common between 150 and 500m.

Sea Perch: No differential deemed value rates in SPE1, SPE5, SPE6, SPE8 and SPE9

- 240 As indicated in paragraphs 79-94, MFish is concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. Currently differential deemed values rates do not apply to any SPE stock.
- 241 In the IPP, MFish proposed to recommend that a standard differential deemed values regime be introduced for all SPE stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE should be forward-looking (see discussion in paragraph 79-94).
- 242 SeaFIC does not support the introduction of differential deemed value rates into SPE stocks.
- 243 MFish agrees that because of the low TACC in SPE1, SPE5, SPE6, SPE8 and SPE9 it is not appropriate to introduce differential deemed value rates at this time. Therefore, MFish recommends that you do not introduce standard differential deemed value rates into SPE1, SPE5, SPE6, SPE8 and SPE9. Note this recommendation is different to that put forward in the IPP for these SPE stocks.

Sea Perch: SPE2, SPE3, SPE4 and SPE7

- 244 During the 2007-08 fishing year, 115% of ACE (12 tonnes above available ACE) was caught in SPE2 resulting in deemed value invoices of \$1,108 being incurred and 116% of ACE (14 tonnes above available ACE) was caught in SPE7 resulting in deemed value invoices of \$1,286 being incurred.
- 245 Small deemed value invoices were incurred in SPE3 (<\$3) and SPE4 (\$45) when ACE remained unused during the 2007-08 fishing year. Also the 2008-09 port prices for all SPE stocks decreased. SPE8 decreased from \$1.76 per kg to \$0.53 per kg, SPE3 decreased from \$0.61 per kg to \$0.48 per kg and the remaining SPE stocks decreased from \$0.63 per kg (except for SPE7 which was at \$0.61 per kg) to \$0.53 per kg.
- 246 The ACE price for SPE2 is \$0.05 per kg. In the IPP, MFish propose to recommend that the annual deemed value rate be increased from \$0.07 per kg to \$0.15 per kg to provide appropriate incentives to acquire ACE and to incur the transaction cost associated with acquiring ACE.
- 247 The ACE price for SPE3 is \$0.04 per kg. In the IPP, MFish proposed to recommend that the annual deemed value rate be increased from \$0.06 per kg to \$0.15 per kg to

provide appropriate incentives to acquire ACE and to incur the transaction cost associated with acquiring ACE.

- 248 The ACE price for SPE4 is \$0.05 per kg. In the IPP, MFish proposed to recommend that the annual deemed value rate be increased from \$0.08 per kg to \$0.15 per kg to provide appropriate incentives to acquire ACE and to incur the transaction cost associated with acquiring ACE.
- 249 The ACE price for SPE7 is \$0.05 per kg. In the IPP, MFish proposed to recommend that the annual deemed value rate be increased from \$0.08 per kg to \$0.15 per kg to provide appropriate incentives to acquire ACE and to incur the transaction cost associated with acquiring ACE.
- 250 AFL supports increasing the annual deemed value rate for SPE2, SPE3, SPE4 and SPE7 to \$0.15 per kg but submits that differential deemed values are not appropriate in the SPE2, SPE3, SPE4, SPE5, SPE6 and SPE7 fisheries.
- 251 Area 2 Inshore does not support the deemed value rates for SPE2 set out in the IPP. Area 2 Inshore proposes that the current deemed value rates for this stock be retained until a TACC review is done.
- 252 SeaFIC supports increasing the annual deemed value rates for SPE2 and SPE7 to \$0.15 per kg but does not support increasing the annual deemed value rates for SPE3 and SPE4 to \$0.15 per kg. SeaFIC proposes that annual deemed value rate for SPE1 be set at \$0.15 per kg. SeaFIC submits that the TACCs for SPE1, SPE2 and SPE7 should be reviewed.
- 253 MFish believes the current annual deemed value rates in these fisheries are not providing the appropriate incentives to fishers to balance their catch with ACE. Therefore, MFish is recommending that you approve the increases to the annual and interim deemed value rates for SPE2, SPE3, SPE4 and SPE7 as outlined in the IPP. MFish recommends introducing standard differential deemed value rates into these SPE stocks for reasons discussed in paragraphs 79-94.

Sea Perch: SPE10

- 254 As with other QMA10 stocks, in the IPP, MFish proposed to recommend that the deemed value rates for SPE10 be set at the same rate as for SPE1 to avoid creating any incentives to misreport.
- 255 MFish also proposed to use standard differential deemed value rates in SPE10.
- 256 While no submissions were received on SPE10 specifically, MFish has changed its recommendation on the use of differential deemed value rates in SPE1. Since MFish is no longer recommending introducing differential deemed value rates into SPE1, MFish recommends that differential deemed value rates not be introduced into SPE10. However, MFish recommends that you approve the increase in the annual and interim deemed value rates for SPE10 as proposed in the IPP.

Sea Perch Summary

257 MFish recommends you approve the following deemed value rates for SPE2, SPE3, SPE4, SPE7 and SPE10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) SPE2: increased from \$0.07 to \$0.15 per kg;
 - ii) SPE3: increased from \$0.06 to \$0.15 per kg;
 - iii) SPE4: increased from \$0.08 to \$0.15 per kg;
 - iv) SPE7: increased from \$0.08 to \$0.15 per kg;
 - v) SPE10: increased from \$0.24 to \$0.45 per kg;
- (b) Interim deemed value rate for:
 - vi) SPE2: increased from \$0.04 to \$0.08 per kg;
 - vii) SPE3: increased from \$0.03 to \$0.08 per kg;
 - viii) SPE4: increased from \$0.04 to \$0.08 per kg;
 - ix) SPE7: increased from \$0.04 to \$0.08 per kg;
 - x) SPE10: increased from \$0.12 to \$0.23 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 34: Proposed differential deemed value rates for SPE2, SPE3, SPE4, SPE7 & SPE10

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all SPE stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPE2, SPE3, SPE4 & SPE7 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SPE10 (\$)
20	Differential deemed values currently do not apply	20	0.18 per kg	20	Differential deemed values continue to not be applied
40		40	0.21 per kg	40	
60		60	0.24 per kg	60	
80		80	0.27 per kg	80	
100		100	0.30 per kg	100	

Blue Cod: BCO3, BCO4 and BCO5

258 Blue cod is predominantly an inshore domestic fishery with very little deepwater catch. The major blue cod fisheries in New Zealand are off Southland and the Chatham Islands, with smaller but regionally significant fisheries off Otago, Canterbury, the Marlborough Sounds and Wanganui.

259 BCO3 was included in this review because deemed value invoices of \$64,474 were incurred when 1% of ACE remained unused during the 2007-08 fishing year. BCO4 was included in this review because deemed value invoices of \$68,230 were incurred when 2.5% of ACE remained unused during the 2007-08 fishing year. BCO5 was included in this review because deemed value invoices of \$1,412 were incurred when 24% of ACE remained unused during the 2007-08 fishing year.

260 The 2008-09 port price for BCO3 increased from \$3.81 per kg to \$3.93 per kg (an increase of \$0.12 per kg). The 2008-09 port price for BCO5 decreased from \$3.94 per

kg to \$3.74 per kg (a decrease of \$0.20 per kg). The port price of BCO4 did not change.

- 261 In the IPP, MFish noted that one company was responsible for 97% of the deemed value invoices incurred in BCO3 and the same company was responsible for 42% of the deemed value invoices incurred in BCO4. Submitters note that this company is no longer operating. Standard differential deemed values are currently in place in both these fisheries. Because this deeming in BCO3 and BCO4 appears related, MFish proposed to recommend similar responses in these two QMAs in the IPP.
- 262 Persistent deeming when ACE is available indicates that fishers may not have the appropriate incentives to acquire sufficient ACE to balance their catch. You are required to consider if the appropriate incentives are in place under s 75 (2) (a).
- 263 The annual deemed value rate in BCO3 of \$3.75 per kg is close to the port price of \$3.93 per kg. In the IPP, MFish did not propose to further increase the annual deemed value rate in BCO3, because this may create inappropriate incentives to discard. Rather, MFish proposed to recommend that a non-standard differential deemed value rate regime be applied in BCO3 and BCO4 in five incremental stages as in Table 35. This ramping is essentially twice as steep as standard ramping. The 20% differential deemed value rate comes in a 10% above ACE holdings.
- 264 MFish does believe that the correct response to the deeming in BCO5 is an increase in the annual and interim deemed value rate. The current annual deemed value rate of \$1.50 per kg is well below the port price of \$3.81 per kg. Therefore, in the IPP, MFish proposed to recommend that the annual deemed value rate be increased from \$1.50 per kg to \$2.00 per kg. MFish also proposed to recommend adjusting the differential deemed values in BCO5 to match the proposed annual deemed value rate.
- 265 In the IPP, MFish suggested that this approach would help provide the incentive to all fishers to acquire the appropriate ACE to cover their catch in BCO3, BCO4 and BCO5. This is consistent with s 75 (2) (a) of the Act.
- 266 AFL supports the deemed value rates for BCO3, BCO4 and BCO5 set out in the IPP.
- 267 Hokotehi and Ngati Mutunga submit that the BCO4 deemed value rate for Aotearoa (New Zealand) should be set at \$10.00 per kg and that the deemed value rate for Wharekauri (Chatham Islands) should be set at \$3.50 per kg.
- 268 SeaFIC does not support the deemed value rates for BCO3 set out in the IPP. SeaFIC submits that the differential deemed value regime for BCO3 should not be changed and the current differential regime should be retained. SeaFIC submits that the level of catch overall in BCO3 is significantly less in the year to date than last year and there are no over-catches reflected in the year to date figures. SeaFIC submits that the problem fisher responsible for the over catch last fishing year is no longer an active fisher. On that basis, SeaFIC believes that no adjustment to the BCO3 deemed value regime is necessary.
- 269 SeaFIC does not support the deemed value rates for BCO4 set out in the IPP. SeaFIC proposes that the annual deemed value for BCO4 be increased to \$2.00 per kg and the standard differential deemed value regime should be implemented. SeaFIC submits

that the current annual deemed value rate for BCO4 is set at \$1.34 per kg, 36% of the port price of \$3.76 per kg. SeaFIC submits that it seems irrational to leave the deemed value for BCO4 unchanged when there was an over-catch issue.

- 270 SeaFIC does support the deemed value rates for BCO5 set out in the IPP.
- 271 Waitangi supports the submission made by CRAMAC6 (included in the SeaFIC submission) in regards to the deemed value rates for BCO4.
- 272 MFish disagrees with SeaFIC that the differential deemed value regime in BCO3 should be unchanged. MFish believes that it is appropriate to set deemed values that are forward looking so MFish recommends that you approve the deemed value rates for BCO3 as proposed in the IPP.
- 273 MFish notes that there are conflicting views among submitters on the appropriate deemed value rates for BCO4.
- 274 The majority of submissions believed that it was inappropriate not to increase the deemed value rates for BCO4. However, the proposed rates for BCO4 (non Chatham Islands) ranged from \$2.00 per kg to \$10.00 per kg. Also Hokotehi and Ngati Mutunga (representing the two iwi on the Chatham Islands) proposed that the deemed value rates for BCO4 (Chatham Islands) also be increased.
- 275 MFish agrees with the submitters that the deemed value rates for both BCO4 stocks should be increased. Therefore, MFish recommends that you approve the deemed value rates for both BCO4 stocks that are different to those proposed in the IPP. MFish believes that the deemed value rates for BCO4 (non Chatham Islands) should be set at the same rate of \$3.75 per kg as BCO3 to minimise incentive to misreport BCO4 catch as BCO3 catch. MFish believes that increasing the annual deemed value rate for BCO4 (Chatham Islands) to \$3.00 per kg and adjusting the standard differential deemed value regime to match the proposed annual deemed value rate will provide the appropriate incentives to balance catch with ACE.
- 276 AFL and SeaFIC support the proposed deemed value rates for BCO5 as set out in the IPP. MFish recommends that you approve the deemed value rates for BCO5 as proposed in the IPP.
- 277 MFish recommends you approve the following deemed value rates for BCO3, BCO4 and BCO5 for the 2009-10 season:
- (a) Annual deemed value rate for:
 - i) BCO3: remain at \$3.75 per kg;
 - ii) BCO4 (non Chatham Islands): increased from \$1.34 per kg to \$3.75 per kg
 - iii) BCO4 (Chatham Islands): increased from \$0.95 per kg to \$3.00 per kg;
 - iv) BCO5: increased from \$1.50 per kg to \$2.00 per kg;
 - (b) Interim deemed value rate for:
 - v) BCO3: remain at \$2.50 per kg;

- vi) BCO4 (non Chatham Islands): increased from \$0.67 per kg to \$2.50 per kg
- vii) BCO4 (Chatham Islands): increased from \$0.48 per kg to \$1.50 per kg;
- viii) BCO5: increased from \$0.75 per kg to \$1.00 per kg;
- (c) Differential deemed value rates as set out in Table 35:
 - ix) BCO3: introduce a non-standard differential deemed value regime;
 - x) BCO4 (non Chatham Islands): introduce a non-standard differential deemed value regime;
 - xi) BCO4 (Chatham Islands): adjust the current standard differential deemed value regime to reflect the proposed annual deemed value rate;
 - xii) BCO5: adjust the current standard differential deemed value regime to reflect the proposed annual deemed value rate.

Table 35: Proposed differential deemed value rates for BCO3, BCO4 & BCO5 stocks

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO3 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for BCO4 - non Chatham Islands (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for BCO4 - Chatham Islands (\$)
20	4.50 per kg	20	1.61 per kg	20	1.14 per kg
40	5.25 per kg	40	1.88 per kg	40	1.33 per kg
60	6.00 per kg	60	2.14 per kg	60	1.52 per kg
80	6.75 per kg	80	2.41 per kg	80	1.71 per kg
100	7.50 per kg	100	2.68 per kg	100	1.90 per kg

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO5 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO3 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO4 - non Chatham Islands (\$)
20	1.80 per kg	10	4.50 per kg	10	4.50 per kg
40	2.10 per kg	20	5.25 per kg	20	5.25 per kg
60	2.40 per kg	30	6.00 per kg	30	6.00 per kg
80	2.70 per kg	40	6.75 per kg	40	6.75 per kg
100	3.00 per kg	50	7.50 per kg	50	7.50 per kg

Proposed differential rates			
Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO4 - Chatham Islands (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO5 (\$)
20	3.60 per kg	20	2.40 per kg
40	4.20 per kg	40	2.80 per kg
60	4.80 per kg	60	3.20 per kg
80	5.40 per kg	80	3.60 per kg
100	6.00 per kg	100	4.00 per kg

Blue Moki: MOK1

278 Most blue moki landings are taken by set net or trawl on the east coast between the Bay of Plenty and Kaikoura, although small quantities are taken in most New Zealand coastal waters. While the proportions of the total commercial landings taken by set net and trawl have varied over time, set netting has been the predominant method (60%) since 1979.

- 279 MOK1 was included in this review because deemed value invoices of \$5,917 were incurred when 4% of ACE remained unused during the 2007-08 fishing year. The port price of MOK1 did not change (\$0.91 per kg).
- 280 The existence of deeming when ACE is available means fishers may not have the appropriate incentives to acquire sufficient ACE to balance their catch. You are required to consider if the appropriate incentives are in place under s 75 (2) (a).
- 281 One company was responsible for 76% of the deemed value invoices incurred in MOK1. Currently only standard differential deemed values apply in the MOK1 fishery.
- 282 The current annual deemed value rate of \$0.88 per kg is close to the port price of \$0.91 per kg. Because a high deemed value might create inappropriate incentives to discard, in the IPP, MFish did not propose to recommend increasing the annual deemed value rate. Rather, MFish proposed that a non-standard differential deemed value rate regime be applied in MOK1 in the five incremental stages as set out in Table 36. This ramping is essentially twice as steep as standard ramping. The 20% differential deemed value rate comes in a 10% above ACE holdings.
- 283 This approach will help provide the incentive to all fishers to acquire the appropriate ACE to cover their catch in MOK1. This is consistent with s 75 (2) (a) of the Act.
- 284 AFL supports the deemed value rates for MOK1 set out in the IPP.
- 285 Area 2 Inshore and SeaFIC do not support the deemed value rates for MOK1 set out in the IPP. They both propose that the current deemed values rates are retained until a TACC review is done.
- 286 MFish believes that the non-standard differential deemed value regime will provide the appropriate incentive to individual fishers to balance their catch with ACE. This should prevent companies from targeting MOK1 without first acquiring ACE. MFish recommends that you approve the non-standard differential deemed value rates for MOK1 as proposed in the IPP.
- 287 MFish recommends you approve the following deemed value rates for MOK1 for the 2009-10 season:
- (a) Annual deemed value rate to remain at \$0.88 per kg.
 - (b) Interim deemed value rate to remain at \$0.44 per kg.
 - (c) Introduce a non-standard differential deemed value rate regime into this fishery at the rates outlined in the table below.

Table 36: Proposed differential deemed value rates for MOK1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for MOK1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for MOK1 (\$)
20	1.06 per kg	10	1.06 per kg
40	1.23 per kg	20	1.23 per kg
60	1.41 per kg	30	1.41 per kg
80	1.58 per kg	40	1.58 per kg
100	1.76 per kg	50	1.76 per kg

Rough Skate: All RSK stocks

- 288 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 skate are also taken by longliners.
- 289 MFish notes that it is difficult to distinguish rough skate (RSK) from smooth skate (SSK) after the wings have been removed from the skate. To avoid creating incentives to misidentify species, in the IPP, MFish proposed to recommend that the deemed values rates for RSK and SSK be the same within the same QMAs.
- 290 MFish also notes that, although there is limited information specifically for New Zealand, there is international concern that skate populations may be especially vulnerable to over fishing. This is true even though skates are usually a relatively low-value bycatch species.
- 291 RSK and SSK are included in this review for several reasons. MFish received an industry comment that the annual deemed value rate of \$0.44 per kg for most RSK stocks was above the landed value of about \$0.30 per kg. Second, deemed value invoices were incurred in several QMAs and some stocks were over caught. Third, the lower deemed value rates for RSK1 did not seem related to any clear factors. MFish determined that a review of all RSK and SSK deemed value rates was warranted.
- 292 The 2008-09 port prices for RSK increased from \$0.37 per kg (and 0.33 per kg in RSK8) to \$0.42 per kg. During the 2007-08 fishing year, 211% of ACE (24 tonnes above available ACE) was caught in RSK8 resulting in deemed value invoices of \$10,805 being issued. In RSK1, deemed value invoices of \$718 were issued when 34% of ACE remained unused during the 2007-08 fishing year. In RSK3, deemed value invoices of \$229 were issued when 31% of ACE remained unused during the 2007-08 fishing year. In RSK7, deemed value invoices of \$4,828 were issued when 2% of ACE remained unused during the 2007-08 fishing year.
- 293 Rough skate is listed on the 6th Schedule of the Fisheries Act and therefore it can be returned to the sea provided that it is likely to survive.
- 294 MFish considered RSK and SSK stocks together in reaching the proposed recommendations.
- 295 MFish first notes that the deemed value rates of 0.44 per kg for RSK7, RSK8 and for all SSK stocks exceeds the port prices of \$0.32 per kg to \$0.42 per kg. Other information suggests that the port prices reflect actual landed prices. This would normally lead MFish to propose lower deemed value rates for these QMAs.
- 296 However, RSK8 was substantially over caught (211% of ACE), as was SSK1 (126% of ACE). Significant deemed value invoices were incurred in RSK7. While RSK and SSK are low information stocks, the over catches present some concerns in light of the broad issue of the over fishing of skates.
- 297 In the IPP, MFish proposed to recommend the following strategy for managing the deemed value rates of RSK and SSK. For RSK1/SSK1, RSK7/SSK7 and RSK8/SSK8, where the TACC is exceeded, MFish proposed to recommend an annual

deemed value rate of \$0.30 per kg. For RSK3/SSK3, where catches have been within TACCs and deeming is limited, MFish proposed to recommend a lower deemed value rate of \$0.25 per kg.

- 298 MFish also proposed that standard differential deemed value rates be introduced for all RSK and SSK stocks. In light of potential concerns over the vulnerability of skate populations to over fishing, standard differential deemed value rates act to discourage significant catches in excess of the TACC.
- 299 MFish also proposed that the same deemed value rates be used in RSK10 and SSK10 as are used in RSK1 and SSK1.
- 300 AFL does not support the deemed value rates for RSK3 set out in the IPP. AFL proposes that the current deemed value rates for RSK3 be retained. AFL believes the reduced deemed value rates will constrain the ACE market. AFL submits that differential deemed value rates are not appropriate in RSK3 as the TACC is not overcaught.
- 301 AFL supports increasing the annual deemed value rate for RSK1 to \$0.30 per kg but submits that differential deemed values are not appropriate in this fishery. AFL supports the deemed value rates for RSK7 and RSK8 as set out in the IPP.
- 302 ESL submits a review of the RSK8 TACC is needed. However, they support decreasing the annual deemed value rate but not introducing a standard differential deemed value regime.
- 303 Sanford does not support the deemed value rates for RSK3 set out in the IPP. Sanford proposes that the current deemed value rates for RSK3 be retained. Sanford also does not support the deemed value rates for the remaining RSK stocks as set out in the IPP. Sanford proposes that the current deemed value rates for these stocks be retained. Sanford submits they oppose any proposed decreases in deemed value rates.
- 304 SeaFIC does not support the deemed value rates for RSK3 set out in the IPP. SeaFIC proposes that the current deemed value rates for RSK3 be retained. SeaFIC does not support the deemed value rates for the remaining RSK stocks as set out in the IPP. SeaFIC proposes that the current deemed value rates for the stocks be retained. SeaFIC believes that a TACC review would be a more appropriate management response than changing the deemed value rates.
- 305 MFish believes that current deemed value rates for RSK7, RSK8 and RSK10 are above market prices. However, MFish agree that because of the catches in excess of the TACC in RSK8 it is not appropriate to change the deemed value rates at this time. In light of submissions that a deemed value of \$0.25 per kg is too low for RSK3, MFish is recommending that the annual deemed value rate for RSK3 remain at \$0.30 per kg. This differs from the proposed advice in the IPP.
- 306 MFish recommends that you approve the deemed value rates for RSK1, RSK7 and RSK10 stocks as proposed in the IPP.
- 307 MFish recommends that you make no changes to the deemed value rates for RSK8. MFish agrees with submitters that the current deemed value rates are correct. Also in

RSK8, MFish is not recommending that differential deemed value rates be introduced because the low TACC could result in large differential deemed value rates being incurred for small amounts of over catch.

308 MFish recommends you approve the following deemed value rates for RSK1, RSK3, RSK7 and RSK10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) RSK1: increased from \$0.23 per kg to \$0.30 per kg;
 - ii) RSK3: remains at \$0.30 per kg;
 - iii) RSK7: decreased from \$0.44 per kg to \$0.30 per kg;
 - iv) RSK10: decreased from \$0.44 per kg to \$0.30 per kg;
- (b) Interim deemed value rate for:
 - v) RSK1: decreased from \$0.22 per kg to \$0.15 per kg;
 - vi) RSK3: decreased from \$0.22 per kg to \$0.15 per kg;
 - vii) RSK7: decreased from \$0.22 per kg to \$0.15 per kg;
 - viii) RSK10: decreased from \$0.22 per kg to \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 37: Proposed differential deemed value rates for RSK1, RSK3, RSK7 & RSK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all RSK stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RSK1, RSK3, RSK7 & RSK10 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg
40		40	0.42 per kg
60		60	0.48 per kg
80		80	0.54 per kg
100		100	0.60 per kg

Smooth Skate: All SSK stocks

309 Smooth 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 skate are also taken by longliners.

310 During the 2007-08 fishing year, 126% of ACE (10 tonnes above available ACE) was caught in SSK1 resulting in deemed value invoices of \$4,694 being issued. In SSK3, deemed value invoices of \$248 were issued when 33% of ACE remained unused during the 2007-08 fishing year. In SSK7, deemed value invoices of \$17 were issued when 26% of ACE remained unused during the 2007-08 fishing year. In SSK8, deemed value invoices of \$2,039 were issued when 4% of ACE remained unused during the 2007-08 fishing year.

311 Smooth 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.

312 In the IPP, MFish proposed to set the annual deemed value rate at \$0.30 per kg in all SSK stocks except for SSK3 where the annual deemed value will be set at \$0.25 per

- kg. See the discussion in the rough skate (RSK) analysis for more information.
- 313 In the IPP, MFish proposed to recommend that a standard differential deemed values regime be introduced into all SSK stocks. See the discussion in the rough skate (RSK) analysis for more information.
- 314 These proposed changes, along with similar proposed changes in all RSK stocks, will bring the deemed value rates for all smooth skate in line with the deemed value rates for all rough skate (RSK). MFish is aware that it can be difficult to identify each species of skate once it had been processed so the matching of deemed value rates should remove any incentive to misreport the species of skate caught to take advantage of a lower deemed value rate.
- 315 AFL does not support the deemed value rates for SSK3 set out in the IPP. AFL proposes that the current deemed value rates for SSK3 be retained. AFL does not support increasing the annual deemed value rate for RSK1 to \$0.30 per kg but supports the introduction of differential deemed values into RSK1. AFL does not support the deemed value rates for SSK7 and SSK8 set out in the IPP. AFL proposes that the current deemed value rates for SSK7 and SSK8 be retained. AFL believes the reduced deemed value rates will constrain the ACE market. AFL submits that differential deemed value rates are not appropriate as the TACC is not overcaught.
- 316 ESL does not support the deemed value rates for SSK8 set out in the IPP. ESL proposes that the current deemed value rates for SSK8 be retained. ESL submits that there is no over fishing so the current deemed value rates are providing the correct incentive to balance catch with ACE.
- 317 Sanford does not support the deemed value rates for SSK3 set out in the IPP. Sanford proposes that the current deemed value rates for SSK3 be retained. Sanford does not support the deemed value rates for the remaining SSK stocks as set out in the IPP. Sanford proposes that the current deemed value rates for these stocks be retained. Sanford submits they oppose any proposed decreases in deemed value rates.
- 318 SeaFIC does not support the deemed value rates for SSK3 set out in the IPP. SeaFIC proposes that the current deemed value rates for SSK3 be retained. SeaFIC does not support the deemed value rates for the remaining SSK stocks as set out in the IPP. SeaFIC proposes that the current deemed value rates for those stocks be retained. SeaFIC believes that a TACC review would be a more appropriate management response than changing the deemed value rates.
- 319 MFish believes that current deemed value rates for all SSK stocks may be above market prices. Therefore, MFish recommends that you approve the deemed value rates for SSK1, SSK7 and SSK10 stocks as proposed in the IPP.
- 320 Because MFish recommended that the RSK3 annual deemed value rate should remain at \$0.30 per kg, MFish also recommends that the SSK3 annual deemed value rate be set at \$0.30 per kg. This is different from the proposed advice in the IPP. This change in advice partially addresses submissions that opposed any reduction in the SSK3 deemed value rates.
- 321 MFish recommends that you make no changes to the deemed value rates for SSK8.

MFish agrees with submitters that the current deemed value rates are correct. MFish is also not recommending that differential deemed value rates be introduced because the low TACC in SSK8 could result in large differential deemed value rates being incurred for small amounts of over catch. This advice differs from the IPP proposal.

322 MFish recommends you approve the following deemed value rates for SSK1, SSK3, SSK7 and SSK10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) SSK1: decreased from \$0.44 per kg to \$0.30 per kg;
 - ii) SSK3: decreased from \$0.44 per kg to \$0.30 per kg;
 - iii) SSK7: decreased from \$0.44 per kg to \$0.30 per kg;
 - iv) SSK10: decreased from \$0.44 per kg to \$0.30 per kg;
- (b) Interim deemed value rate for:
 - v) SSK1: decreased from \$0.22 per kg to \$0.15 per kg;
 - vi) SSK3: decreased from \$0.22 per kg to \$0.15 per kg;
 - vii) SSK7: decreased from \$0.22 per kg to \$0.15 per kg;
 - viii) SSK10: decreased from \$0.22 per kg to \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 38: Proposed differential deemed value rates for SSK1, SSK3, SSK7 & SSK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all SSK stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SSK1, SSK3, SSK7 & SSK10 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg
40		40	0.42 per kg
60		60	0.48 per kg
80		80	0.54 per kg
100		100	0.60 per kg

School Shark: SCH1, SCH2 and SCH5

323 School sharks are distributed across the continental shelf, generally aggregating inshore in summer and offshore in winter. They extend in smaller numbers near the seafloor down the upper continental slope, to at least 600m.

324 SCH2 was included in this review because 108% of ACE (16 tonnes above available ACE) was caught in SCH2 during the 2007-08 fishing year and deemed value invoices of \$44,359 were incurred. The over-fishing of SCH2 during the 2007-08 fishing year was exacerbated by an increase in targeting of SCH2, and raises questions as to whether fishers have the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a). You may also have regard to the extent to which catch of the stock has exceeded or is likely to exceed the TACC for the stock in any year in setting deemed values under s 75 (2) (b) (v).

325 SCH1 and SCH5 are included in this review because deeming occurred when ACE was available. In SCH1, deemed value invoices of \$4,077 were issued when 4% of

ACE was unused at the end of the 2007-08 fishing season. In SCH5, deemed value invoices of \$2,281 were issued when 5% of ACE was unused at the end of the 2007-08 fishing season.

- 326 There has also been an increase in the port price in SCH1 from \$1.89 per kg to \$2.19 per kg, an increase in SCH2 from \$1.89 per kg to \$2.29 per kg and an increase in SCH5 from \$2.17 per kg from \$2.48 per kg. The increase in the port price for SCH1, SCH2 and SCH5 means you may have regard to the market value of these stocks in setting deemed values under s 75 (2) (b) (iii). MFish believes that when the price of a species increases, there is an increased probability that incentives to land catches in excess of the TACC will arise
- 327 In the IPP, MFish proposed to recommend increases in the annual and interim deemed values for SCH1, SCH2 and SCH5. MFish also proposed to recommend introducing differential deemed values into SCH2 and to adjust the differential deemed values in SCH1 and SCH5 to reflect the proposed annual deemed values.
- 328 AFL supports the deemed value rates for SCH1 and SCH5 set out in the IPP. AFL also supports increasing the annual deemed value rate for SCH2 to \$1.75 per kg as the current annual deemed value rate is constraining the ACE price but AFL submits that differential deemed values are not appropriate in this fishery as there are no sustainability concerns.
- 329 Area 2 Inshore proposes that the annual deemed value for SCH2 be decreased to \$1.20 per kg and that differential deemed value rates be introduced. Area 2 Inshore submit that the persistent overcatch is indicative of the need to increase the TACC and provide ACE for fishers to balance with, rather than high deemed values that provide a disincentive to land SCH2. Area 2 Inshore believe the current deemed value rates are allowing continued inaccurate reporting of SCH2 that compromises the credibility of the data and scientific analysis.
- 330 SeaFIC does not support the deemed value rates for SCH1, SCH2 and SCH5 set out in the IPP. SeaFIC proposes that the current deemed value rates for these stocks be retained.
- 331 SeaFIC submits that the average ACE price for SCH1 in the current year is \$1.30 per kg and is similar to last year. SeaFIC believes that the existing deemed value regime provides sufficient incentive to balance catch with ACE and no adjustments are necessary. SeaFIC submits that a TACC review of SCH2 would be a more appropriate management response than changing the deemed value rates. SeaFIC submits that the ACE price for SCH5 averages \$0.76 per kg and dockside prices are approximately \$1.50 per kg greenweight, not \$2.50 per kg as suggested by the Ministry. SeaFIC submits that at that dockside price, the current deemed values are appropriately set to provide an incentive for fishers to balance catch with ACE.
- 332 MFish notes that both Area 2 Inshore and SeaFIC believe that the TACC for SCH2 should be reviewed. However, they have conflicting views on what are the appropriate deemed value rates for SCH2. AFL agrees with the recommendation made in the IPP while Area 2 Inshore and SeaFIC disagree.

- 333 However, the range of views held by submitters does not alter the fact that there has been overfishing in SCH2. MFish is still concerned about the landed price for SCH potentially increasing, although this is disputed by SeaFIC. Therefore, MFish recommends that you approve the deemed value rates for these stocks as proposed in the IPP.
- 334 MFish recommends you approve the following deemed value rates for SCH1, SCH2 and SCH5 for the 2009-10 season:
- (a) Annual deemed value rate for:
 - i) SCH1: increase from \$1.75 per kg to \$1.98 per kg;
 - ii) SCH2: increase from \$1.51 per kg to \$1.75 per kg;
 - iii) SCH5: increase from \$1.05 per kg to \$1.25 per kg;
 - (b) Interim deemed value rate for:
 - iv) SCH1: increase from \$0.87 per kg to \$0.99 per kg;
 - v) SCH2: increase from \$0.76 per kg to \$0.88 per kg;
 - vi) SCH5: increase from \$0.53 per kg to \$0.63 per kg;
 - (c) Introduce differential deemed value rates into SCH2 and adjust the differential deemed values in SCH1 and SCH5 to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 39: Proposed differential deemed value rates for SCH1, SCH2 & SCH5 stocks

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for SCH1 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SCH2 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SCH5 (\$)
20	2.10 per kg	20	Differential deemed values currently do not apply	20	1.26 per kg
40	2.45 per kg	40		40	1.47 per kg
60	2.80 per kg	60		60	1.68 per kg
80	3.15 per kg	80		80	1.89 per kg
100	3.50 per kg	100		100	2.10 per kg

Proposed differential rates					
Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH5 (\$)
20	2.38 per kg	20	2.10 per kg	20	1.50 per kg
40	2.77 per kg	40	2.45 per kg	40	1.75 per kg
60	3.17 per kg	60	2.80 per kg	60	2.00 per kg
80	3.56 per kg	80	3.15 per kg	80	2.25 per kg
100	3.96 per kg	100	3.50 per kg	100	2.50 per kg

Rig: SPO7

- 335 Rig are caught in coastal waters throughout New Zealand. Most of the catch is taken in water less than 50m deep during spring and summer, when rig aggregate inshore.
- 336 Rig (SPO7) was included in this review because 102.5% of ACE (6 tonnes above available ACE) was caught in the 2007-08 fishing year and deemed value invoices of

\$28,559 were incurred. There has also been an increase in the port price in SPO7 from \$2.82 per kg to \$3.91 per kg.

- 337 The over-fishing of SPO7 during the 2007-08 fishing year raises questions whether fishers have the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a). You may also have regard to the extent to which catch of the stock has exceeded or is likely to exceed the TACC for the stock in any year in setting deemed values under s 75 (2) (b) (v).
- 338 The increase in the port price of \$1.09 per kg means you may have regard to the market value of these stocks in setting deemed values under s 75 (2) (b) (iii). MFish believes that when the price of a species increases, there is an increased probability that incentives to land catches in excess of the TACC will arise
- 339 In the IPP, MFish proposed to recommend an increase in the annual and interim deemed values for SPO7 in light of the over fishing and the increase in port price. MFish also proposed to adjust the differential deemed values in SPO7 to reflect the proposed annual deemed values.
- 340 AFL supports the deemed value rates for SPO7 set out in the IPP. AFL submits the current deemed value rates are constraining the ACE price for SPO7.
- 341 Challenger does not support the deemed value rates for SPO7 set out in the IPP. Challenger proposes that the current deemed values rates be retained. Challenger believes that a TACC review would be a more appropriate management response than changing the deemed value rates at this time.
- 342 SeaFIC does not support the deemed value rates for SPO7 set out in the IPP. SeaFIC proposes that the current deemed values rates be retained. SeaFIC believes that a TACC review would be a more appropriate management response than changing the deemed value rates at this time.
- 343 MFish notes AFL agrees with the deemed value rate proposed for SCH2 in the IPP but both Challenger and SeaFIC believe that a TACC review is needed before the deemed value rates are changed. MFish is aware that industry believes that the TACC is too low but until a TACC review is conducted, MFish believes the deemed value rates proposed in the IPP are appropriate and consistent with your obligations under s 75 (2) (a). Therefore, MFish recommends that you approve the deemed value rates for SPO7 as proposed in the IPP.
- 344 MFish recommends you approve the following deemed value rates for SPO7 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$2.80 per kg to \$3.00 per kg.
 - (b) Interim deemed value rate to increase from \$1.40 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 40: Proposed differential deemed value rates for SPO7

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SPO7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPO7 (\$)
20	3.36 per kg	20	3.60 per kg
40	3.92 per kg	40	4.20 per kg
60	4.48 per kg	60	4.80 per kg
80	5.04 per kg	80	5.40 per kg
100	5.60 per kg	100	6.00 per kg

Stargazer: STA1 and STA2

- 345 Giant stargazer is a moderate-sized benthic teleost distributed widely in New Zealand waters. It is found on muddy and sandy substrates to depths of 500m. It is caught by both directed fishing and as bycatch of fisheries targeting other species.
- 346 As indicated in paragraphs 79-94, MFish believes that differential deemed value rates are an integral component of deemed values.
- 347 The differential deemed values were removed from STA1 and STA2 on 1 October 2002 while TACC changes were considered. Since then catch levels have stabilised in STA2 but STA1 continues to be regularly over caught (14 tonnes above available ACE or 163% of ACE was caught during the 2007-08 fishing year).
- 348 Due to the over catch in STA1, \$7,875 in deemed values were incurred during the 2007-08 fishing year. Deemed values of \$261 were incurred in STA2 when 37% of ACE remained unused during the 2007-08 fishing year. Also the 2008-09 port price for STA1 decreased slightly from \$1.09 per kg to \$1.05 per kg while the 2008-09 port price for STA2 increased from \$1.09 per kg to \$1.22 per kg.
- 349 In the IPP, MFish stated that its initial view was that the annual and interim deemed values for STA1 and STA2 not be changed at this time. MFish did, however, specifically invite submissions on landed price and ACE price. MFish stated it may use information on landed price and ACE price to advise you in this FAP if the annual and/or interim deemed value rates need to be changed. No submission included information on the landed price or ACE price of STA1 and STA2.
- 350 In the IPP, MFish proposed to recommend that a standard differential deemed values regime be re-introduced into STA1 and STA2. Possible TACC changes are no longer being considered because the available science is limited. The reasons for the removal of the differential deemed value rates no longer exist.
- 351 AFL does not support the introduction of differential deemed value rates for STA1 and STA2 as set out in the IPP. AFL proposes that the current deemed values rates be retained. AFL submits that there are no sustainability concerns in these fisheries therefore introducing differential deemed values are not necessary.
- 352 SeaFIC does not support the introduction of differential deemed value rates for STA1 and STA2 as set out in the IPP. SeaFIC proposes that the current deemed values rates be retained. SeaFIC submits that the TACCs for STA1 and STA2 be reviewed as a matter of urgency instead of changing the deemed value rates.

- 353 MFish notes that SeaFIC believes that the TACC are too low but until a TACC review is conducted, MFish believes the deemed value rates proposed in the IPP are appropriate and consistent with your obligations under s 75 (2) (a). Therefore, MFish recommends that you approve the introduction of differential deemed value rates for STA1 and STA2 as proposed in the IPP.
- 354 MFish recommends you approve the following deemed value rates for STA1 and STA2 for the 2009-10 season:
- (a) Annual deemed value rate for:
 - i) STA1: remain at \$0.56 per kg;
 - ii) STA2: remain at \$0.68 per kg;
 - (b) Interim deemed value rate for:
 - iii) STA1: remain at \$0.28 per kg;
 - iv) STA2: remain at \$0.34 per kg;
 - (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 41: Proposed differential deemed value rates for STA1 & STA2

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for STA1 & STA2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA2 (\$)
20	Differential deemed values currently do not apply	20	0.67 per kg	20	0.82 per kg
40		40	0.78 per kg	40	0.95 per kg
60		60	0.90 per kg	60	1.09 per kg
80		80	1.01 per kg	80	1.22 per kg
100		100	1.12 per kg	100	1.36 per kg

Tarakihi: TAR2

- 355 Tarakihi are caught by commercial vessels in all areas of New Zealand from the Three Kings Islands in the north to Stewart Island in the south. The main fishing method is trawling. The major target trawl fisheries occur at depths of 100–200m and tarakihi are taken as a bycatch at other depths as well.
- 356 Tarakihi (TAR2) was included in this review because there has been an increase in the port price in TAR2 from \$1.84 per kg to \$3.38 per kg (an increase of \$1.54 per kg). Also deemed value invoices of \$585 were incurred during the 2007-08 fishing year when 11% of ACE remained unused.
- 357 The increase in the port price of \$1.54 per kg raises questions about whether fishers have the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a). You may also have regard to the market value of the stock in setting deemed values under s 75 (2) (b) (iii). MFish believes that when the price of a species increases, there is an increased probability that incentives to land catches in excess of the TACC will arise
- 358 Since TAR2 is a significant shared fishery, in the IPP, MFish proposed to increase the annual and interim deemed values for TAR2 in light of the increase in port price. MFish also proposed to adjust the non-standard differential deemed values in TAR2

to reflect the proposed annual deemed values.

- 359 AFL does not support the deemed value rates for TAR2 set out in the IPP. AFL proposes that the current deemed values rates be retained. AFL submits that there are no sustainability concerns in these fisheries therefore differential deemed values are not necessary.
- 360 Area 2 Inshore does not support the deemed value rates for TAR2 set out in the IPP. Area 2 Inshore proposes that the current deemed values rates be retained. Area 2 Inshore submits adjusting the deemed value rates to try and force fishers to balance the sum of 126 kgs of TAR2 when 11% (197 t) of ACE is available is just wasting everyone's time.
- 361 SeaFIC does not support the deemed value rates for TAR2 set out in the IPP. SeaFIC proposes that the current deemed values rates be retained. SeaFIC submits the dockside price of TAR2 is around \$2.25 per kg and that an annual deemed value rate of \$1.54 per kg against a dockside price of \$2.25 per kg appears to provide the appropriate incentives to fishers to balance catch with ACE.
- 362 MFish remains concerned about the potential increase in the landed price for TAR2 (although this increase is disputed by SeaFIC). Because TAR2 is an important shared fishery, MFish recommends that you set the deemed value rates for TAR2 as proposed in the IPP.
- 363 MFish recommends you approve the following deemed value rates for TAR2 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$2.50 per kg to \$2.75 per kg.
 - (b) Interim deemed value rate to increase from \$1.25 per kg to \$1.38 per kg.
 - (c) Non-standard differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 42: Proposed differential deemed value rates for TAR2

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TAR2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TAR2 (\$)
10	4.00 per kg	10	4.25 per kg
20	5.50 per kg	20	5.75 per kg

Trevally: TRE1

- 364 Trevally is caught around the North Island and the north of the South Island, with the main catches from the northern coasts of the North Island. Trevally is taken in the northern coastal mixed trawl fishery, mostly in conjunction with snapper.
- 365 Trevally (TRE1 and TRE2) was included in this review at the request of Aotearoa Fisheries Limited (AFL). AFL believes the current deemed values rates in these fisheries are set at or above the landed value of TRE and should be decreased.
- 366 There has also been an increase in the port price in TRE1 from \$1.44 per kg to \$1.69

per kg (an increase of \$0.25 per kg) and deemed value invoices of \$751 were incurred during the 2007-08 fishing year in TRE1 when 49% of ACE remained unused.

- 367 MFish agrees that the current deemed value rate for TRE1 (\$1.24 per kg) is close to the landed value of TRE1 (\$1.69 per kg). The landings of TRE1 have been well below the TACC. In the IPP, MFish proposed to recommend to lower the annual deemed value rate for TRE1 to \$1.10 per kg and to make the corresponding adjustments to the interim and differential deemed value rates for TRE1.
- 368 AFL supports the deemed value rates for TRE1 set out in the IPP.
- 369 Sanford does not support the deemed value rates for TRE1 set out in the IPP. Sanford proposes that the current deemed value rates for TRE1 be retained. Sanford submits they oppose any proposed decreases in deemed value rates.
- 370 SeaFIC does not support the deemed value rates for TRE1 set out in the IPP. SeaFIC submits that the current deemed values rates should be retained. SeaFIC submits that lowering the deemed value to \$1.10 per kg raises a risk that fishers will find it profitable to fish on deemed values rather than balance with ACE. SeaFIC submits that a reduction in the deemed value may also constrain the ACE market from operating appropriately.
- 371 MFish notes that there are conflicting views among submitters on the appropriate deemed value rates for TRE1.
- 372 AFL and Sanford are the two biggest quota owners in TRE1 and hold opposing views on where the deemed value rates for TRE1 should be. However, Sanford provided no information to support their opposition to the changes proposed in the IPP while AFL provided landed price data to MFish prior to the IPP being released with resulted in TRE1 being included in the review. Based on the information received, MFish recommends that you approve the deemed value rates for TRE1 as proposed in the IPP.
- 373 MFish recommends you approve the following deemed value rates for TRE1 for the 2009-10 season:
- (a) Annual deemed value rate to decrease from \$1.24 per kg to \$1.10 per kg.
 - (b) Interim deemed value rate to decrease from \$0.62 per kg to \$0.55 per kg.
 - (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 43: Proposed differential deemed value rates for TRE1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TRE1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TRE1 (\$)
20	1.45 per kg	20	1.32 per kg
40	1.74 per kg	40	1.54 per kg
60	1.98 per kg	60	1.76 per kg
80	2.23 per kg	80	1.98 per kg
100	2.48 per kg	100	2.20 per kg

Hake: HAK7

- 374 Hake are taken mainly by large trawlers. The majority of hake catch is now caught as a target species and occasionally as bycatch in hoki target fisheries.
- 375 HAK7 has been included in this review because the ACE price in HAK7 (\$1.31 per kg) almost reached the annual deemed value (\$1.38 per kg) during the 2007-08 fishing year. MFish is concerned that the current deemed value rates may provide an incentive to fish on deemed values rather than acquire ACE. There may be an incentive for fishers to pay the annual deemed value rate rather than acquire ACE if the ACE price is too close to the annual deemed value rate.
- 376 It is important that ACE markets function to provide appropriate signals to fishers. Deemed value rates may be driving ACE prices, rather than market forces. MFish believes this is the case in HAK7. MFish notes that HAK7 has been over caught in the past and deeming has occurred.
- 377 In the IPP, MFish proposed to increase the annual and interim deemed value rate for HAK7 and to adjust the differential deemed values to match the proposed annual deemed value. By increasing the annual deemed value rate to \$1.60 per kg, MFish believes there will continue to be an incentive for fishers to acquire ACE instead of paying the annual deemed value rate.
- 378 AFL, Sanford and SeaFIC support the deemed value rates for HAK7 set out in the IPP.
- 379 MFish notes that industry agrees with the deemed value rates proposed for HAK7 in the IPP. MFish recommends that you approve the deemed value rates for HAK7 as proposed in the IPP.
- 380 MFish recommends you approve the following deemed value rates for HAK7 for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$1.38 per kg to \$1.60 per kg;
 - (b) Interim deemed value rate to increase from \$0.69 per kg to \$0.80 per kg;
 - (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 44: Proposed differential deemed value rates for HAK7 stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for HAK7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for HAK7 (\$)
20	1.66 per kg	20	1.92 per kg
40	1.93 per kg	40	2.24 per kg
60	2.21 per kg	60	2.56 per kg
80	2.48 per kg	80	2.88 per kg
100	2.76 per kg	100	3.20 per kg

Orange Roughy: ORH2A, ORH2B and ORH3A

- 381 Orange roughy inhabit depths between 700m and at least 1500m within the New Zealand EEZ. Their maximum depth range is unknown. Orange roughy are very slow-growing, long-lived fish.

- 382 ORH2B was included in this review because the TACC was over-fished (24 tonnes above available ACE or 113% of ACE caught) during the 2007-08 fishing year resulting in deemed value invoices of \$98,603 being incurred. ORH2A and ORH3A are included in the review as vessels can fish ORH2A, ORH2B and ORH3A in one trip, so these stocks are economically interrelated.
- 383 The existence of over-fishing in ORH2B during the 2007-08 fishing year does mean that fishers may not have the appropriate incentives to acquire sufficient ACE to balance their catch. You are required to consider if the appropriate incentives are in place under s 75 (2) (a). You may also have regard to the extent to which catch of the stock has exceeded or is likely to exceed the TACC in any year (s 75 (2) (b) (v)).
- 384 To ensure the correct incentives are provided under s 75 (2) (a), MFish proposed in the IPP to increase the annual and interim deemed value rate for ORH2A, ORH2B and ORH3A to the same level and adjust the differential deemed values to match the proposed annual deemed value rate (\$5.00 per kg).
- 385 By setting the deemed value rates at the same level in these fisheries, it removes the possibility that catches may be misreported so as to take advantage of the lower deemed values in other ORH fisheries. This helps provide fishers the appropriate incentives to acquire sufficient ACE, which you must take into account when setting deemed values under s 75 (2) (a).
- 386 The landed price of fish from all of these stocks is identical. The ACE prices are similar; \$2.16 per kg for ORH2A, \$2.18 per kg for ORH2B and \$2.48 for ORH3A. Therefore, the same deemed value rates are appropriate for all three stocks.
- 387 AFL, Sanford and SeaFIC support increasing the annual deemed value rate for ORH2A, ORH2B and ORH3A to \$5.00 per kg.
- 388 AFL and SeaFIC submit that the non-standard differential deemed value rates that apply in ORH3B should be used in these fisheries (one differential deemed value rate of \$6.20 per kg for all catch above 110% of ACE holdings). Both submit that this differential deemed value regime is effective in constraining catches in ORH3B so it should also be effective in ORH2A, ORH2B and ORH3A.
- 389 Sanford supports the differential deemed value rates for ORH2A, ORH2B and ORH3A as set out in the IPP. Sanford also proposes that the annual deemed value rate of \$5.00 per kg should be applied to all ORH stocks.
- 390 MFish considers that using the non-standard differential deemed value regime that is currently used in ORH3B is a valid option. However, MFish recommends consulting more broadly with stakeholders before this option is adopted. MFish will look at introducing non-standard differential deemed value rates for these stocks as part of the October 2010 deemed value review process.
- 391 Therefore, MFish recommends that you approve the deemed value rates for ORH2A, ORH2B and ORH3A as proposed in the IPP.
- 392 MFish recommends you approve the following deemed value rates for ORH2A, ORH2B and ORH3A for the 2009-10 season:

- (a) Annual deemed value rate for:
- i) ORH2A: increase from \$4.00 per kg to \$5.00 per kg;
 - ii) ORH2B: increase from \$3.86 per kg to \$5.00 per kg;
 - iii) ORH3A: increase from \$3.20 per kg to \$5.00 per kg;
- (b) Interim deemed value rate for:
- iv) ORH2A: increase from \$2.00 per kg to \$2.50 per kg;
 - v) ORH2B: increase from \$1.93 per kg to \$2.50 per kg;
 - vi) ORH3A: increase from \$1.60 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 45: Proposed differential deemed value rates for ORH2A, ORH2B & ORH3A

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for ORH2A (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for ORH2B (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for ORH3A (\$)
20	4.80 per kg	20	4.63 per kg	20	3.84 per kg
40	5.60 per kg	40	5.40 per kg	40	4.48 per kg
60	6.40 per kg	60	6.18 per kg	60	5.12 per kg
80	7.20 per kg	80	6.95 per kg	80	5.76 per kg
100	8.00 per kg	100	7.72 per kg	100	6.40 per kg

Proposed differential rates	
Catch in excess of ACE holdings (%)	Proposed deemed value rate for ORH2A, ORH2B & ORH3A (\$)
20	6.00 per kg
40	7.00 per kg
60	8.00 per kg
80	9.00 per kg
100	10.00 per kg

Rubyfish: RBY1 and RBY3

- 393 Rubyfish occur in the subtropical water around northern and central New Zealand, but are absent from the southern Chatham Rise and Campbell Plateau. Rubyfish occur at depths ranging from 50 to at least 800m. Commercial catch data suggests the species is most abundant between 200 and 400m.
- 394 The current annual deemed value rate for RBY1 (\$0.06 per kg) and RBY3 (\$0.03 per kg) are such that fishers may have an incentive to use deemed values simply to avoid the transaction costs of acquiring ACE. In the IPP, MFish proposed to recommend that the deemed value rates for RBY1 and RBY3 be increased sufficiently so that incentives are created to acquire ACE and to incur the associated transaction costs.
- 395 In the IPP, MFish proposed to recommend an deemed value rate of \$0.21 per kg for RBY1 on the basis of the economic similarities to RBY2
- 396 The ACE price for RBY3 is \$0.09 per kg. MFish believes that the annual deemed value rate should be set approximately \$0.10 per kg above ACE price to account for

transaction costs of acquiring ACE. This leads MFish to recommend an annual deemed value rate of \$0.19 per kg for RBY3.

- 397 In the IPP, MFish proposed to recommend that the annual and interim deemed values for RBY1 and RBY3 be increased. MFish also proposed that differential deemed values will not be applied to these stocks.
- 398 AFL supports the deemed value rates for RBY1 and RBY3 set out in the IPP.
- 399 SeaFIC does not support the deemed value rates for RBY1 and RBY3 set out in the IPP. SeaFIC proposes that the current deemed values rates be retained. SeaFIC submits that given the widespread deeming of small amounts (17 kg in RBY1 and 1 tonne in RBY3), it is unlikely that increasing deemed value rates will increase the incentive to purchase ACE to balance catch, unless the level of individual over-catch is significant.
- 400 SeaFIC submits that RBY4 should have been considered in the deemed value review process and a TACC review should be undertaken as a matter of urgency with the deemed values being reviewed at that time.
- 401 The ACE price for RBY1 is \$0.04 per kg. MFish believes that the annual deemed value rate should be set approximately \$0.10 per kg above ACE price to account for transaction costs of acquiring ACE. Therefore, MFish is recommending that the annual deemed value rate for RBY3 be set at \$0.14 per kg. This advice is different from that set out in the IPP.
- 402 MFish believes the deemed value rates for RBY3 proposed in the IPP are appropriate and consistent with your obligations under s 75 (2) (a). Therefore, MFish recommends that you approve the deemed value rates for RBY3 as proposed in the IPP.
- 403 MFish recommends you approve the following deemed value rates for RBY1 and RBY3 for the 2009-10 season:
- (a) Annual deemed value rate for:
 - i) RBY1: increase from \$0.06 per kg to \$0.14 per kg;
 - ii) RBY3: increase from \$0.03 per kg to \$0.19 per kg;
 - (b) Interim deemed value rate for:
 - iii) RBY1: increase from \$0.03 per kg to \$0.07 per kg;
 - iv) RBY3: increase from \$0.02 per kg to \$0.10 per kg;
 - (c) Continue to have no differential deemed value rates in these fisheries.

Ribaldo: RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 and RIB10

- 404 In New Zealand ribaldo is caught on bottom longlines and as a bycatch of trawling. It is widespread and has been caught by research trawl at depths of about 200–1300m. It appears to be most common at 500–1000m. The relatively high catch by bottom longline suggests that it favours rough bottom habitats.
- 405 RIB1, RIB2, RIB3 RIB4, RIB5 and RIB6 were included in this review as the 2008-09

port prices for have decreased, per Table 46.

Table 46: Port Prices for RIB1, RIB2, RIB3, RIB4, RIB5 and RIB6

Stock	2007-08 Port Price	2008-09 Port Price	Total decrease in Port Price
RIB1	\$1.43	\$0.48	\$0.95
RIB2	\$1.40	\$0.48	\$0.92
RIB3	\$1.00	\$0.48	\$0.52
RIB4	\$1.06	\$0.48	\$0.58
RIB5	\$1.06	\$0.48	\$0.58
RIB6	\$1.06	\$0.48	\$0.58

- 406 In the IPP, MFish’s initial view was that the annual and interim deemed values for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 and RIB10 should not be changed. MFish did, however, specifically invite submissions on landed price and ACE price. SeaFIC provided landed price information in their submission that stated that the landed price was around \$1.10 per kg to \$1.40 per kg not \$0.48 per kg as indicated by the 2008-09 port prices. MFish believes this information is reliable and believes retaining the current annual and interim deemed value rates for these RIB stock is appropriate.
- 407 However, as indicated in paragraphs 79-94, MFish is concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. The ribaldo fishery is a low knowledge fishery and the current TACCs were set on a conservative basis. It is not known what effect any over fishing would have on the sustainability of the stocks. While the decrease in port price triggered the review of these RIB stocks deemed value rates, MFish is equally concerned that inappropriate incentive may arise in these fisheries to fish on deemed values given the fact the landed price has probably not decreased.
- 408 In the IPP, MFish proposed that a standard differential deemed value regime be introduced across these RIB stocks. MFish believes that your obligation to set deemed values to provide incentives to balance catch with ACE should be forward-looking (see discussion in paragraphs 79-94).
- 409 AFL and SeaFIC do not support the introduction of differential deemed value rates for these RIB stocks as set out in the IPP. Both propose that the current deemed values rates be retained. SeaFIC submits the imposition of differential deemed value rates are not necessary since there are no over-catches and the TACCs are acknowledged by the Ministry to be conservative.
- 410 MFish believes that introducing a standard differential deemed value regime is even more appropriate since the annual deemed value rate in the majority of RIB stocks is set at \$0.30 per kg which is below the potential landed price of \$1.10 per kg. MFish will review the annual and interim deemed value rates for these RIB stocks as part of the October 2010 deemed value review process.
- 411 MFish believes the deemed value rates proposed in the IPP are appropriate and consistent with your obligations under s 75 (2) (a). Therefore, MFish recommends that you approve the deemed value rates for these RIB stocks as proposed in the IPP.
- 412 Per the general advice above for the Kermadecs (QMA10), MFish recommends that differential deemed value rates be introduced for RIB10.

413 MFish recommends you approve the following deemed value rates for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 and RIB10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) RIB1: remain at \$0.30 per kg;
 - ii) RIB2: remain at \$0.30 per kg;
 - iii) RIB3: remain at \$0.30 per kg;
 - iv) RIB4: remain at \$0.30 per kg;
 - v) RIB5: remain at \$0.30 per kg;
 - vi) RIB6: remain at \$0.80 per kg;
 - vii) RIB10: remain at \$0.30 per kg;
- (b) Interim deemed value rate for:
 - viii) RIB1: remain at \$0.15 per kg;
 - ix) RIB2: remain at \$0.15 per kg;
 - x) RIB3: remain at \$0.15 per kg;
 - xi) RIB4: remain at \$0.15 per kg;
 - xii) RIB5: remain at \$0.15 per kg;
 - xiii) RIB6: remain at \$0.40 per kg;
 - xiv) RIB10: remain at \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 47: Proposed differential deemed value rates for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 & RIB10

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 & RIB10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RIB1, RIB2, RIB3, RIB4, RIB5 & RIB10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RIB6 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg	20	0.96 per kg
40		40	0.42 per kg	40	1.12 per kg
60		60	0.48 per kg	60	1.28 per kg
80		80	0.54 per kg	80	1.44 per kg
100		100	0.60 per kg	100	1.60 per kg

White Warehou: WWA5B

- 414 White warehou are predominantly taken as bycatch in the hoki and silver warehou target fisheries, and to a lesser extent in hake, ling and scampi.
- 415 WWA5B was created by the amalgamation of WWA5 and WWA6 at the start of the 2007/2008 fishing year. WWA5B is now the most significant stock with a TACC of 2,617 tonnes (of the total TACC for all WWA stocks of 3,735 tonnes).
- 416 Since WWA5B is similar to WWA3, WWA4 and WWA7, in terms of the scale and type of vessel operating in the fishery it is appropriate that consistent deemed value

rates are set for that stock. In the IPP, MFish proposed increasing the annual deemed value rate for WWA5B from \$0.54 per kg to \$1.03 per kg and the interim deemed value rate from \$0.27 per kg to \$0.52 per kg to align with existing deemed value rates in WWA3, WWA4 and WWA7.

- 417 Currently differential deemed values are not set in WWA5 but MFish also proposed to apply a single differential deemed value rate of \$2.00 per kg for all catch 10% above ACE holdings for the same reason.
- 418 AFL does not support the deemed value rates for WWA5B set out in the IPP. AFL proposes that the current deemed values rates be retained. AFL submits that there are no sustainability concerns in this fishery therefore introducing differential deemed value rates is not necessary.
- 419 SeaFIC supports the deemed value rates for WWA5B set out in the IPP but for reasons different to those set out in the IPP. SeaFIC submits that the port price for WWA is believed to be about \$1.37 per kg and the current annual deemed value rate is \$0.54 per kg (40% of port price). For this reason, the current annual deemed value does not provide a proper incentive for fishers to match catch with ACE. Setting the annual deemed value rate at \$1.03 per kg would, in SeaFIC's opinion, enable the ACE price to find a market level unconstrained by the deemed value.
- 420 MFish agrees with SeaFIC that given the information on ACE price and port price, an increase in the annual deemed value rate to \$1.03 per kg is warranted and will provide the appropriate incentives to balance catch with ACE. MFish adopts SeaFIC's reasons for the proposed changes in preference to those in the IPP.
- 421 SeaFIC supports the use of differential deemed value rates for WWA5B as it is good practice to apply differentials to stocks with high economic value. SeaFIC preference is to apply standard differential deemed value rates as opposed to the proposed single rate. MFish is satisfied that a single differential deemed value rate of \$2.00 per kg for all catch 10% above ACE holdings will provide a strongly discourage excessive catches of WWA5B.
- 422 MFish agrees that it is important to constrain catches to the TACC. A differential deemed value rate of \$2.00 per kg at 10% over ACE holdings will strongly discourage excessive catches. Therefore, MFish recommends that you approve the deemed value rates for WWA5B as proposed in the IPP.
- 423 MFish recommends you approve the following deemed value rates for WWA5B for the 2009-10 season:
- (a) Annual deemed value rate to increase from \$0.54 per kg to \$1.03 per kg.
 - (b) Interim deemed value rate to increase from \$0.27 per kg to \$0.52 per kg.
 - (c) Introduce a non-standard differential deemed value rates into this fishery at the rates outlined in the table below.

Table 48: Proposed differential deemed value rates for WWA5B

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for WWA5B (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for WWA5B (\$)
10	Differential deemed values currently do not apply	10	2.00 per kg

Stocks reviewed but no deemed value adjustment proposed

424 The remaining stocks were also reviewed but following assessment of submissions, MFish does not consider an adjustment is warranted at this time, as the current deemed value rates are providing the appropriate incentives required under s 75 (2) (a). Further information on why MFish considers the deemed value rates for these stocks should remain unchanged for the coming season is described below.

Prawn Killer: All PRK stocks

425 Prawn killer (PRK) was included in this review because as indicated in paragraph 79-94, MFish was concerned that the absence of differential deemed value rates can run the unnecessary and unacceptable risk that inappropriate incentives to fish on deemed values may develop. The prawn killer fishery is a low knowledge fishery and the current TACCs were set on a conservative basis. It is not known what effect any over fishing would have on the sustainability of the stocks. In the IPP, MFish noted that prawn killer quota owners are engaged in actively developing the fishery and this is a fishery in which economic conditions could change rapidly and unpredictably.

426 MFish proposed in the IPP to recommend that a standard differential deemed values regime be introduced into all PRK stocks. MFish believed that your obligation to set deemed values to provide incentives to balance catch with ACE must be forward-looking (see discussion in paragraphs 79-94).

427 AFL did not support the introduction of standard differential deemed values for all PRK stocks as set out in the IPP. AFL proposed that the current deemed values rates be retained.

428 SeaFIC did not support the introduction of standard differential deemed values for all PRK stocks as set out in the IPP. SeaFIC proposes that the current deemed values rates be retained. SeaFIC submitted that no differential deemed value rates should be set in the PRK stocks, in order to allow these fisheries to be proved up. SeaFIC submitted it is not appropriate after one year of fishing to reverse that approach and introduce differential deemed values which will have the impact of discouraging fishers to report catch or utilise the fishery.

429 All submitters supported retaining the current deemed value rates for all PRK stocks. Given the information received in submissions, MFish does not consider a change in the deemed value rates for all PRK stocks is appropriate.

Snapper: SNA8

430 Snapper (SNA8) was included in this review at the request of Egmont Seafood Limited (ESL). ESL believes the current deemed values rates are too high and should

be decreased. ESL submitted that in 2008/09 fishing year, ACE price has been as high as \$9.00 per kg for SNA8 but that generally the market price for ACE is \$6.00 per kg. ESL also submits that the port price has not changed in recent years and if anything has reduced slightly in the recent months especially on smaller snapper. ESL believes that generally the port price for SNA8 is \$6.00 per kg - \$6.50 per kg.

- 431 ESL submits that as the fishstock abundance has improved, the ability to source ACE has become more difficult. The increasing deemed value and health of the fishery has now driven the ACE price to the same level as the landed price and in some cases higher because fishers wish to avoid paying an excessive deemed value. ESL submits that the deemed value rates for SNA 8 should be set at a level where fishers do not obtain a financial gain from landing the fish but are also not penalized. Fishers should be encouraged to balance catch against ACE, but when the ACE is not available, the fishstock is healthy, and the fish is caught as a bycatch in a mixed fishery then the deemed value should reflect this situation. ESL believes the deemed value rates should be set at a level close to the landed or port price encouraging fishers to land and record catch. For SNA 8, ESL believes the annual deemed value rate should be set at a level around \$5.00 per kg - \$6.00 per kg.
- 432 In the IPP, MFish stated that SNA8 is an important commercial and recreational species and it is important that catches are constrained to the current TACC. MFish believes that the current deemed value rates are providing the correct incentives in this fishery. Therefore, in the IPP, MFish did not propose an adjustment to the deemed value rates for SNA8.
- 433 However, MFish did invite submissions on this specific issue and invited submitters to provide information on ACE price and landed price that would indicate if an adjustment is or is not required. The following information was received in submissions.
- 434 Ngapuhi supports retaining the current deemed value rates for SNA8 as outlined in the IPP. Ngapuhi submits that, given the history of SNA8 with consistent over fishing by around 10% of the TACC, allowing for unreported and other illegalities that may exist in the stock management, and the lack of data from Recreational and Customary harvesting, it is difficult for them to support any sort of review that results in changes in the deemed value regime.
- 435 Sanford supports retaining the current deemed value rates for SNA8 as outlined in the IPP. Sanford submits that the current deemed value rates are constraining catch within the TACC and encouraging fishers to alter their fishing practices. Sanford submits that in previous years when the deemed value rates were lower there was persistent over catch and Sanford does not want to return to that position, so reducing the deemed value rate is not a sustainable solution.
- 436 Sanford believes that the real issue in the SNA8 fishery is an increased abundance (a healthy fishery). Sanford believes that there are greater utilisation opportunities within the fishery, and the solution is to prioritise a TACC increase for SNA8.
- 437 SeaFIC supports retaining the current deemed value rates for SNA8 as outlined in the IPP but provided the additional comments below.

- 438 SeaFIC submits that the port prices in this fishery can vary significantly depending on the final market for the product. SeaFIC submits for those fishers providing fish to the domestic market, the dock prices for snapper are \$6.00 - \$6.50 per kg and for those fishers targeting the chilled finfish export sector, prices are upwards of \$10.00 per kg. SeaFIC submits that the deemed value regime considered appropriate will depend on which dock price regime is used.
- 439 SeaFIC submits that the TACC is not in balance with the current abundance or in ratio with other target fishstocks, such as GUR8. SeaFIC submits that most fishers operating in the fishery do not target SNA8 but are unable to catch their full quota of other fishstocks because of the shortage of SNA8 ACE. SeaFIC submits that at the end of 2007/08, it was estimated that between 750 and 1,000 tonnes of other commercial fish fishstocks could not be caught in the QMA8 fishery for that reason. SeaFIC submits that for the fisher, landing fish at \$6.00 per kg on deemed values with a minimum of \$8.00 per kg or with ACE at a marginal value of \$9.00 per kg is clearly unprofitable and provides an incentive to discard.
- 440 ESL does not support retaining the current deemed value rates for SNA8 as outlined in the IPP. ESL proposed that the annual deemed value rate be decreased to a rate between \$5.00 and 6.00 per kg. ESL submits that at the current deemed value rates there is an incentive for fisher to discard SNA8 as they are either unable to source ACE or it has been fully used. ESL believes that they are being penalised for having a healthy fishery.
- 441 All submitters besides ESL supported retaining the current deemed value rates for SNA8. Given the information received in submissions, MFish does not consider a change in the deemed value rates for SNA8 is appropriate. MFish continues to recommend no deemed value change for this stock.

Trevally: TRE2

- 442 Trevally (TRE1 and TRE2) were included in this review at the request of Aotearoa Fisheries Limited (AFL). AFL believes the current deemed values rates in these fisheries are set at the landed value of TRE and should be decreased.
- 443 There has been an increase in the port price of TRE2 from \$1.50 per kg to \$1.54 per kg (an increase of \$0.04 per kg).
- 444 The landings for TRE2 have been close to the TACC. MFish believes that lowering the deemed value rates for TRE2 risks creating incentives to land catches in excess of the TACC. In the IPP, MFish did not propose to recommend to change the deemed value rates for TRE2.
- 445 Area 2 Inshore does not support retaining the current deemed value rates for TRE2 as outlined in the IPP. Area 2 Inshore supports AFL's request to have deemed value rates for TRE2 decreased. Area 2 Inshore believes that the credibility of catch effort and landing data could end up being compromised because of the discarding of TRE2 when no ACE is available. Area 2 Inshore submits that the TACC should also be reviewed.

- 446 SeaFIC supports retaining the current deemed value rates for TRE2 as outlined in the IPP. SeaFIC submits that Area 2 Inshore believes that the TACC for TRE2 which was last reviewed in 1992/93 needs to be reviewed. SeaFIC submits that since 1992/93, the TRE2 TACC has been over-caught in 10 of the 16 years. SeaFIC acknowledges while a decrease in the deemed value rates might encourage fuller reporting of catch on which to assess the need for amended TACCs, the level of over-catch in 2008/09 and the low deemed value to port price ratio does not allow for any reduction in the current deemed value regime.
- 447 MFish also notes that Area 2 Inshore and SeaFIC both believe that the TACC for TRE2 should be reviewed. MFish is aware that industry believes that the TRE2 TACC is too low but until a TACC review is conducted, MFish believes the current deemed value rates are appropriate and consistent with your obligations under s 75 (2) (a). Therefore, MFish considers that no changes to the current deemed value rates for TRE2 are required.

Stocks that were not reviewed but drew submissions

Hake: HAK1, HAK4 and HAK10

- 448 AFL, Sanford and SeaFIC all propose that the proposed deemed value rates for HAK7 be applied to all other HAK stocks (HAK1, HAK4 and HAK10). All state that HAK7 is no different from the other HAK stocks and that a uniform approach to setting the deemed value rates for HAK seems appropriate.
- 449 Section 75A of the Act requires consultation, if practicable, before setting deemed values. HAK1, HAK4 and HAK10 were not included in the deemed value review IPP, and so were not consulted on. However, MFish has put these stocks on the review list for the October 2010 deemed value review and consultation under s 75A will be practicable then; and there is no particular reason to proceed now on these stocks without consultation.

Rubyfish: RBY4

- 450 MFish notes SeaFIC requests that the RBY4 TACC should be reviewed. Section 75A of the Act requires consultation, if practicable, before setting deemed values. RBY4 was not included in the deemed value review IPP, and so was not consulted on. MFish will not recommend any changes to its deemed value rates because no consultation occurred.

Ribaldo: RIB7 and RIB9

- 451 SeaFIC submits RIB7 was over-caught by 22% in 2006/07 and 8% in 2007/08 despite a near 500% increase in the TACC in 2006. SeaFIC believes that differential deemed value rates would be entirely appropriate to resolve this issue. MFish notes that a non-standard differential deemed value regime was introduced into RIB7 at the start of the 2008-09 fishing year.
- 452 SeaFIC submits that the TACC for RIB9 (2 tonnes) has not been reviewed since the stock was introduced into the QMS in 1998 but has been significantly over-caught in the last 5 years. SeaFIC submits that RIB9 has been over-caught on average by 350%

in the past three years. SeaFIC proposes that the TACC for RIB9 be reviewed as soon as possible to remove the need for deemed value processing.

- 453 MFish notes SeaFIC requests that the TACC for RIB7 and RIB9 should be reviewed. Section 75A of the Act requires consultation, if practicable, before setting deemed values. RIB7 and RIB9 were not included in the deemed value review IPP, and so was not consulted on. MFish will not recommend any changes to there deemed value rates because no consultation occurred.

Compliance implications

- 454 MFish believes that the proposed changes to the deemed value rates do not provide incentives for commercial fishers to illegally dump their catch rather than pay the higher deemed value rates. However, the deemed value balancing regime always involves some risk that incentives may be created to dump illegally or to misreport.
- 455 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.

REVIEW OF DEEMED VALUE RATES FOR SELECTED FISH STOCKS - SUMMARY OF RECOMMENDATIONS

456 Note that the table numbers are the same as those in the body of the FAP.

Snapper: SNA2

457 MFish recommends you approve the following deemed value rates for SNA2 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$5.00 per kg to \$5.60 per kg.
- (b) Interim deemed value rate to increase from \$4.00 per kg to \$4.60 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 SNA2

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SNA2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SNA2 (\$)
10	9.00 per kg	10	9.60 per kg
20	10.00 per kg	20	10.60 per kg
30	11.00 per kg	30	11.60 per kg
40	12.00 per kg	40	12.60 per kg
50	13.00 per kg	50	13.60 per kg
60	14.00 per kg	60	14.60 per kg
70	15.00 per kg	70	15.60 per kg
80	16.00 per kg	80	16.60 per kg

Kermadec Islands: BAR10, BCO10, BYX10, ELE10, FRO10, HOK10, JDO10, KAH10, MOK10, ORH10, PAD10, PAR10, PAU10, SCH10, SKI10, SPO10, STA10, SWA10, TAR10, TRE10 and WAR10

458 MFish recommends you approve the following deemed value rates for BAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.19 per kg to \$0.25 per kg.
- (b) Interim deemed value rate to increase from \$0.10 per kg to \$0.12 per kg.
- (c) Adjust the differential deemed value rates to match the proposed annual deemed value rate.

Table 7: Proposed differential deemed value rates for BAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BAR10 (\$)
20	0.23 per kg	20	0.30 per kg
40	0.27 per kg	40	0.35 per kg
60	0.30 per kg	60	0.40 per kg
80	0.34 per kg	80	0.45 per kg
100	0.38 per kg	100	0.50 per kg

459 MFish recommends you approve the following deemed value rates for BCO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.34 per kg to \$1.79 per kg.
- (b) Interim deemed value rate to increase from \$0.67 per kg to \$0.90 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 BCO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO10 (\$)
20	1.61 per kg	20	2.15 per kg
40	1.88 per kg	40	2.51 per kg
60	2.14 per kg	60	2.86 per kg
80	2.41 per kg	80	3.22 per kg
100	2.68 per kg	100	3.58 per kg

460 MFish recommends you approve the following deemed value rates for BYX10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.53 per kg to \$1.66 per kg.
- (b) Interim deemed value rate to increase from \$0.77 per kg to \$0.83 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 9: Proposed differential deemed value rates for BYX10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BYX10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BYX10 (\$)
20	1.84 per kg	20	1.99 per kg
40	2.14 per kg	40	2.32 per kg
60	2.45 per kg	60	2.66 per kg
80	2.75 per kg	80	2.99 per kg
100	3.06 per kg	100	3.32 per kg

461 MFish recommends you approve the following deemed value rates for ELE10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.48 per kg to \$1.67 per kg.
- (b) Interim deemed value rate to increase from \$0.24 per kg to \$0.84 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 10: Proposed differential deemed value rates for ELE10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for ELE10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for ELE10 (\$)
20	0.58 per kg	20	2.00 per kg
40	0.67 per kg	40	2.34 per kg
60	0.77 per kg	60	2.67 per kg
80	0.86 per kg	80	3.01 per kg
100	0.96 per kg	100	3.34 per kg

462 MFish recommends you approve the following deemed value rates for FRO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.15 per kg to \$0.26 per kg.
- (b) Interim deemed value rate to increase from \$0.08 per kg to \$0.13 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

463 MFish recommends you approve the following deemed value rates for HOK10 for the 2009-10 season:

- (a) Annual deemed value rate to decrease from \$1.16 per kg to \$0.90 per kg.
- (b) Interim deemed value rate to decrease from \$0.58 per kg to \$0.45 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 HOK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for HOK10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for HOK10 (\$)
20	1.39 per kg	20	1.08 per kg
40	1.62 per kg	40	1.26 per kg
60	1.86 per kg	60	1.44 per kg
80	2.09 per kg	80	1.62 per kg
100	2.32 per kg	100	1.80 per kg

464 MFish recommends you approve the following deemed value rates for JDO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$3.00 per kg to \$5.25 per kg.
- (b) Interim deemed value rate to increase from \$1.50 per kg to \$2.62 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 12: Proposed differential deemed value rates for JDO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for JDO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for JDO10 (\$)
20	3.60 per kg	20	6.30 per kg
40	4.20 per kg	40	7.35 per kg
60	4.80 per kg	60	8.40 per kg
80	5.40 per kg	80	9.45 per kg
100	6.00 per kg	100	10.50 per kg

465 MFish recommends you approve the following deemed value rates for KAH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.61 per kg to \$0.66 per kg.
- (b) Interim deemed value rate to increase from \$0.31 per kg to \$0.33 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 13: Proposed differential deemed value rates for KAH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for KAH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for KAH10 (\$)
20	0.73 per kg	20	0.79 per kg
40	0.85 per kg	40	0.92 per kg
60	0.98 per kg	60	1.06 per kg
80	1.10 per kg	80	1.19 per kg
100	1.22 per kg	100	1.32 per kg

466 MFish recommends you approve the following deemed value rates for MOK10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.75 per kg to \$0.88 per kg.
- (b) Interim deemed value rate to increase from \$0.38 per kg to \$0.44 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 14: Proposed differential deemed value rates for MOK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for MOK10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for MOK10 (\$)
20	0.90 per kg	20	1.06 per kg
40	1.05 per kg	40	1.23 per kg
60	1.20 per kg	60	1.41 per kg
80	1.35 per kg	80	1.58 per kg
100	1.50 per kg	100	1.76 per kg

467 MFish recommends you approve the following deemed value rates for ORH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.00 per kg to \$5.00 per kg.
- (b) Interim deemed value rate to increase from \$1.00 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 15: Proposed differential deemed value rates for ORH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for ORH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for ORH10 (\$)
20	2.40 per kg	20	6.00 per kg
40	2.80 per kg	40	7.00 per kg
60	3.20 per kg	60	8.00 per kg
80	3.60 per kg	80	9.00 per kg
100	4.00 per kg	100	10.00 per kg

468 MFish recommends you approve the following deemed value rates for PAD10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.90 per kg to \$2.10 per kg.

- (b) Interim deemed value rate to increase from \$0.45 per kg to \$1.05 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

469 MFish recommends you approve the following deemed value rates for PAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.31 per kg to \$0.34 per kg.
- (b) Interim deemed value rate to increase from \$0.16 per kg to \$0.17 per kg.
- (c) Continue to have no differential deemed value rates in these fisheries.

470 MFish recommends you approve the following deemed value rates for PAU10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$60.00 per kg to \$66.00 per kg.
- (b) Interim deemed value rate to increase from \$30.00 per kg to \$50.00 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 16: Proposed differential deemed value rates for PAU10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for PAU10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for PAU10 (\$)
20	72.00 per kg	20	79.20 per kg
40	84.00 per kg	40	92.40 per kg
60	96.00 per kg	60	105.60 per kg
80	108.00 per kg	80	118.80 per kg
100	120.00 per kg	100	132.00 per kg

471 MFish recommends you approve the following deemed value rates for SCH10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.81 per kg to \$1.98 per kg.
- (b) Interim deemed value rate to increase from \$0.41 per kg to \$0.99 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 17: Proposed differential deemed value rates for SCH10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SCH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH10 (\$)
20	0.97 per kg	20	2.38 per kg
40	1.13 per kg	40	2.77 per kg
60	1.30 per kg	60	3.17 per kg
80	1.46 per kg	80	3.56 per kg
100	1.62 per kg	100	3.96 per kg

472 MFish recommends you approve the following deemed value rates for SKI10 for the 2009-10 season:

- (a) Annual deemed value rate to decrease from \$2.48 per kg to \$1.50 per kg.
- (b) Interim deemed value rate to decrease from \$1.24 per kg to \$0.75 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

deemed value rate, outlined in the table below.

Table 18: Proposed differential deemed value rates for SKI10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SKI10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SKI10 (\$)
20	2.98 per kg	20	1.80 per kg
40	3.47 per kg	40	2.10 per kg
60	3.97 per kg	60	2.40 per kg
80	4.46 per kg	80	2.70 per kg
100	4.96 per kg	100	3.00 per kg

473 MFish recommends you approve the following deemed value rates for SPO10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.70 per kg to \$2.70 per kg.
- (b) Interim deemed value rate to increase from \$0.85 per kg to \$1.35 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 19: Proposed differential deemed value rates for SPO10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SPO10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPO10 (\$)
20	2.04 per kg	20	3.24 per kg
40	2.38 per kg	40	3.78 per kg
60	2.72 per kg	60	4.32 per kg
80	3.06 per kg	80	4.86 per kg
100	3.40 per kg	100	5.40 per kg

474 MFish recommends you approve the following deemed value rates for STA10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.56 per kg to \$0.68 per kg.
- (b) Interim deemed value rate to increase from \$0.28 per kg to \$0.34 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 20: Proposed differential deemed value rates for STA10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for STA10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA10 (\$)
20	0.67 per kg	20	0.82 per kg
40	0.78 per kg	40	0.95 per kg
60	0.90 per kg	60	1.09 per kg
80	1.01 per kg	80	1.22 per kg
100	1.12 per kg	100	1.36 per kg

475 MFish recommends you approve the following deemed value rates for SWA10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.87 per kg to \$1.22 per kg.
- (b) Interim deemed value rate to increase from \$0.44 per kg to \$0.50 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 21: Proposed differential deemed value rates for SWA10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SWA10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SWA10 (\$)
20	1.04 per kg	20	1.46 per kg
40	1.22 per kg	40	1.71 per kg
60	1.39 per kg	60	1.95 per kg
80	1.57 per kg	80	2.20 per kg
100	1.74 per kg	100	2.44 per kg

476 MFish recommends you approve the following deemed value rates for TAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.09 per kg to \$3.00 per kg.
- (b) Interim deemed value rate to increase from \$1.05 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 22: Proposed differential deemed value rates for TAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TAR10 (\$)
20	2.51 per kg	20	3.60 per kg
40	2.93 per kg	40	4.20 per kg
60	3.34 per kg	60	4.80 per kg
80	3.76 per kg	80	5.40 per kg
100	4.18 per kg	100	6.00 per kg

477 MFish recommends you approve the following deemed value rates for TRE10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.77 per kg to \$1.10 per kg.
- (b) Interim deemed value rate to increase from \$0.39 per kg to \$0.55 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 23: Proposed differential deemed value rates for TRE10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TRE10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TRE10 (\$)
20	0.92 per kg	20	1.32 per kg
40	1.08 per kg	40	1.54 per kg
60	1.23 per kg	60	1.76 per kg
80	1.39 per kg	80	1.98 per kg
100	1.54 per kg	100	2.20 per kg

478 MFish recommends you approve the following deemed value rates for WAR10 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.75 per kg to \$1.09 per kg.
- (b) Interim deemed value rate to increase from \$0.38 per kg to \$0.55 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 24: Proposed differential deemed value rates for WAR10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for WAR10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for WAR10 (\$)
20	0.90 per kg	20	1.31 per kg
40	1.05 per kg	40	1.53 per kg
60	1.20 per kg	60	1.74 per kg
80	1.35 per kg	80	1.96 per kg
100	1.50 per kg	100	2.18 per kg

Anchovy, Pilchard and Sprat: All ANC, PIL and SPR stocks

479 MFish recommends you approve the following deemed value rates for ANC1, ANC2, ANC3, ANC4, ANC7, ANC8 and ANC10 for the 2009-10 season:

- (a) Annual deemed value rate for all ANC stocks to remain at \$0.06 per kg;
- (b) Interim deemed value rate for all ANC stocks to remain at \$0.03 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 25: Proposed differential deemed value rates for all ANC stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all ANC stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all ANC stocks (\$)
20	Differential deemed values currently do not apply	20	0.07 per kg
40		40	0.08 per kg
60		60	0.10 per kg
80		80	0.11 per kg
100		100	0.12 per kg

480 MFish recommends you approve the following deemed value rates for PIL1, PIL2, PIL3, PIL4, PIL7, PIL8 and PIL10 for the 2009-10 season:

- (a) Annual deemed value rate for all PIL stocks to remain at \$0.60 per kg;
- (b) Interim deemed value rate for all PIL stocks to remain at \$0.30 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 26: Proposed differential deemed value rates for all PIL stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all PIL stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all PIL stocks (\$)
20	Differential deemed values currently do not apply	20	0.72 per kg
40		40	0.84 per kg
60		60	0.96 per kg
80		80	1.08 per kg
100		100	1.20 per kg

481 MFish recommends you approve the following deemed value rates for SPR1, SPR3, SPR4, SPR7 and SPR10 for the 2009-10 season:

- (a) Annual deemed value rate for all SPR stocks to remain at \$0.06 per kg;
- (b) Interim deemed value rate for all SPR stocks to remain at \$0.03 per kg;

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

Table 27: Proposed differential deemed value rates for all SPR stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all SPR stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for all SPR stocks (\$)
20	Differential deemed values currently do not apply	20	0.07 per kg
40		40	0.08 per kg
60		60	0.10 per kg
80		80	0.11 per kg
100		100	0.12 per kg

Jack Mackerel: JMA1

482 MFish recommends you approve the following deemed value rates for JMA1 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.15 per kg to \$0.24 per kg.
 (b) Interim deemed value rate to increase from \$0.08 per kg to \$0.12 per kg.
 (c) Introduce a non-standard differential deemed value rate regime into this fishery at the rates outlined in the table below.

Table 28: Proposed differential deemed value rates for JMA1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for JMA1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for JMA1 (\$)
20	0.18 per kg	10	0.36 per kg
40	0.21 per kg		
60	0.24 per kg		
80	0.27 per kg		
100	0.30 per kg	50	0.50 per kg

Barracouta: BAR7

483 MFish recommends you approve the following deemed value rates for BAR7 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.19 per kg to \$0.24 per kg.
 (b) Interim deemed value rate to increase from \$0.10 per kg to \$0.12 per kg.
 (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 29: Proposed differential deemed value rates for BAR7

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for BAR7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BAR7 (\$)
20	0.23 per kg	20	0.29 per kg
40	0.27 per kg	40	0.34 per kg
60	0.30 per kg	60	0.38 per kg
80	0.34 per kg	80	0.43 per kg
100	0.38 per kg	100	0.48 per kg

Bluenose: BNS2

484 MFish recommends you approve the following deemed value rates for BNS2 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$3.00 per kg to \$4.00 per kg.
- (b) Interim deemed value rate to increase from \$1.50 per kg to \$2.00 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 30: Proposed differential deemed value rates for BNS2

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 BNS2 (\$)
5	4.00 per kg	5	5.00 per kg
10	5.00 per kg	10	6.00 per kg
20	6.00 per kg	20	7.00 per kg
30	7.00 per kg	30	8.00 per kg
40	8.00 per kg	40	9.00 per kg
50	9.00 per kg	50	10.00 per kg
60	10.00 per kg	60	11.00 per kg

Green Lipped Mussel: GLM9

485 MFish recommends you approve the following deemed value rates for GLM9 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.61 per kg to \$6.00 per kg.
- (b) Interim deemed value rate to increase from \$1.31 per kg to \$3.00 per kg.
- (c) Introduce differential deemed value rates into this fishery at the rates outlined in the table below.

Table 31: Proposed differential deemed value rates for GLM9

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for GLM9 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GLM9 (\$)
20	Differential deemed values currently do not apply	20	7.20 per kg
40		40	8.40 per kg
60		60	9.60 per kg
80		80	10.80 per kg
100		100	12.00 per kg

Dark Ghostshark: All GSH stocks

486 MFish recommends you approve the following deemed value rates for GSH1, GSH2, GSH3, GSH4, GSH5, GSH6, GSH7, GSH8, GSH9 and GSH10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) GSH1: remain at \$0.43 per kg;
 - ii) GSH2: remain at \$0.37 per kg;

- iii) GSH3: increased from \$0.05 to \$0.15 per kg;
 - iv) GSH4: remain at \$0.34 per kg;
 - v) GSH5: remain at \$0.15 per kg;
 - vi) GSH6: increased from \$0.08 to \$0.15 per kg;
 - vii) GSH7: remain at \$0.34 per kg;
 - viii) GSH8: remain at \$0.39 per kg;
 - ix) GSH9: remain at \$0.39 per kg;
 - x) GSH10: increased from \$0.09 to \$0.43 per kg;
- (b) Interim deemed value rate for:
- xi) GSH1: remain at \$0.22 per kg;
 - xii) GSH2: remain at \$0.19 per kg;
 - xiii) GSH3: increased from \$0.03 to \$0.08 per kg;
 - xiv) GSH4: remain at \$0.17 per kg;
 - xv) GSH5: remain at \$0.17 per kg;
 - xvi) GSH6: increased from \$0.04 to \$0.08 per kg;
 - xvii) GSH7: remain at \$0.17 per kg;
 - xviii) GSH8: remain at \$0.20 per kg;
 - xix) GSH9: remain at \$0.20 per kg;
 - xx) GSH10: increased from \$0.05 to \$0.22 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 32: Proposed differential deemed value rates for all GSH stocks

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all GSH stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH1 & GSH10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH2 (\$)
20	Differential deemed values currently do not apply	20	0.52 per kg	20	0.44 per kg
40		40	0.60 per kg	40	0.52 per kg
60		60	0.69 per kg	60	0.59 per kg
80		80	0.77 per kg	80	0.67 per kg
100		100	0.86 per kg	100	0.74 per kg

Proposed differential rates					
Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH3, GSH5 & GSH6 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH4 & GSH7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH8 & GSH9 (\$)
20	0.18 per kg	20	0.41 per kg	20	0.47 per kg
40	0.21 per kg	40	0.48 per kg	40	0.55 per kg
60	0.24 per kg	60	0.54 per kg	60	0.62 per kg
80	0.27 per kg	80	0.61 per kg	80	0.70 per kg
100	0.30 per kg	100	0.68 per kg	100	0.78 per kg

Pale Ghostshark: All GSP stocks

487 MFish recommends you approve the following deemed value rates for GSP1, GSP5 and GSP7 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) GSP1: increased from \$0.05 to \$0.15 per kg;
 - ii) GSP5: increased from \$0.05 to \$0.15 per kg;
 - iii) GSP7: remain at \$0.34 per kg;
- (b) Interim deemed value rate for:
 - iv) GSP1: increased from \$0.03 to \$0.08 per kg;
 - v) GSP5: increased from \$0.03 to \$0.08 per kg;
 - vi) GSP7: remain at \$0.17 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 33: Proposed differential deemed value rates for all GSP stocks

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all GSP stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSP1 & GSP5 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for GSH7 (\$)
20	Differential deemed values currently do not apply	20	0.18 per kg	20	0.41 per kg
40		40	0.21 per kg	40	0.48 per kg
60		60	0.24 per kg	60	0.54 per kg
80		80	0.27 per kg	80	0.61 per kg
100		100	0.30 per kg	100	0.68 per kg

Spiny Dogfish: All SPD stocks

488 MFish recommends you approve the following deemed value rates for SPD1, SPD3, SPD4, SPD5, SPD7, SPD8 and SPD10 for the 2009-10 season:

- (a) Annual deemed value rate for all SPD stocks to increase from \$0.05 to \$0.10 per kg;
- (b) Interim deemed value rate for all SPD stocks to increase from \$0.03 to \$0.05 per kg;
- (c) Continue to have no differential deemed value rates in these fisheries.

Sea Perch: SPE2, SPE3, SPE4 and SPE7

489 MFish recommends you approve the following deemed value rates for SPE2, SPE3, SPE4, SPE7 and SPE10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) SPE2: increased from \$0.07 to \$0.15 per kg;
 - ii) SPE3: increased from \$0.06 to \$0.15 per kg;

- iii) SPE4: increased from \$0.08 to \$0.15 per kg;
- iv) SPE7: increased from \$0.08 to \$0.15 per kg;
- v) SPE10: increased from \$0.24 to \$0.45 per kg;
- (b) Interim deemed value rate for:
 - vi) SPE2: increased from \$0.04 to \$0.08 per kg;
 - vii) SPE3: increased from \$0.03 to \$0.08 per kg;
 - viii) SPE4: increased from \$0.04 to \$0.08 per kg;
 - ix) SPE7: increased from \$0.04 to \$0.08 per kg;
 - x) SPE10: increased from \$0.12 to \$0.23 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 34: Proposed differential deemed value rates for SPE2, SPE3, SPE4, SPE7 & SPE10

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for all SPE stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPE2, SPE3, SPE4 & SPE7 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SPE10 (\$)
20	Differential deemed values currently do not apply	20	0.18 per kg	20	Differential deemed values continue to not be applied
40		40	0.21 per kg	40	
60		60	0.24 per kg	60	
80		80	0.27 per kg	80	
100		100	0.30 per kg	100	

Blue Cod: BCO3, BCO4 and BCO5

490 MFish recommends you approve the following deemed value rates for BCO3, BCO4 and BCO5 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) BCO3: remain at \$3.75 per kg;
 - ii) BCO4 (non Chatham Islands): increased from \$1.34 per kg to \$3.75 per kg
 - iii) BCO4 (Chatham Islands): increased from \$0.95 per kg to \$3.00 per kg;
 - iv) BCO5: increased from \$1.50 per kg to \$2.00 per kg;
- (b) Interim deemed value rate for:
 - v) BCO3: remain at \$2.50 per kg;
 - vi) BCO4 (non Chatham Islands): increased from \$0.67 per kg to \$2.50 per kg
 - vii) BCO4 (Chatham Islands): increased from \$0.48 per kg to \$1.50 per kg;
 - viii) BCO5: increased from \$0.75 per kg to \$1.00 per kg;
- (c) Differential deemed value rates as set out in Table 35:
 - ix) BCO3: introduce a non-standard differential deemed value regime;

- x) BCO4 (non Chatham Islands): introduce a non-standard differential deemed value regime;
- xi) BCO4 (Chatham Islands): adjust the current standard differential deemed value regime to reflect the proposed annual deemed value rate;
- xii) BCO5: adjust the current standard differential deemed value regime to reflect the proposed annual deemed value rate.

Table 35: Proposed differential deemed value rates for BCO3, BCO4 & BCO5 stocks

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO3 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for BCO4 - non Chatham Islands (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for BCO4 - Chatham Islands (\$)
20	4.50 per kg	20	1.61 per kg	20	1.14 per kg
40	5.25 per kg	40	1.88 per kg	40	1.33 per kg
60	6.00 per kg	60	2.14 per kg	60	1.52 per kg
80	6.75 per kg	80	2.41 per kg	80	1.71 per kg
100	7.50 per kg	100	2.68 per kg	100	1.90 per kg

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for BCO5 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO3 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO4 - non Chatham Islands (\$)
20	1.80 per kg	10	4.50 per kg	10	4.50 per kg
40	2.10 per kg	20	5.25 per kg	20	5.25 per kg
60	2.40 per kg	30	6.00 per kg	30	6.00 per kg
80	2.70 per kg	40	6.75 per kg	40	6.75 per kg
100	3.00 per kg	50	7.50 per kg	50	7.50 per kg

Proposed differential rates			
Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO4 - Chatham Islands (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for BCO5 (\$)
20	3.60 per kg	20	2.40 per kg
40	4.20 per kg	40	2.80 per kg
60	4.80 per kg	60	3.20 per kg
80	5.40 per kg	80	3.60 per kg
100	6.00 per kg	100	4.00 per kg

Blue Moki: MOK1

491 MFish recommends you approve the following deemed value rates for MOK1 for the 2009-10 season:

- (a) Annual deemed value rate to remain at \$0.88 per kg.
- (b) Interim deemed value rate to remain at \$0.44 per kg.
- (c) Introduce a non-standard differential deemed value rate regime into this fishery at the rates outlined in the table below.

Table 36: Proposed differential deemed value rates for MOK1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for MOK1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for MOK1 (\$)
20	1.06 per kg	10	1.06 per kg
40	1.23 per kg	20	1.23 per kg
60	1.41 per kg	30	1.41 per kg
80	1.58 per kg	40	1.58 per kg
100	1.76 per kg	50	1.76 per kg

Rough Skate: All RSK stocks

492 MFish recommends you approve the following deemed value rates for RSK1, RSK3, RSK7 and RSK10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) RSK1: increased from \$0.23 per kg to \$0.30 per kg;
 - ii) RSK3: remains at \$0.30 per kg;
 - iii) RSK7: decreased from \$0.44 per kg to \$0.30 per kg;
 - iv) RSK10: decreased from \$0.44 per kg to \$0.30 per kg;
- (b) Interim deemed value rate for:
 - v) RSK1: decreased from \$0.22 per kg to \$0.15 per kg;
 - vi) RSK3: decreased from \$0.22 per kg to \$0.15 per kg;
 - vii) RSK7: decreased from \$0.22 per kg to \$0.15 per kg;
 - viii) RSK10: decreased from \$0.22 per kg to \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 37: Proposed differential deemed value rates for RSK1, RSK3, RSK7 & RSK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all RSK stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RSK1, RSK3, RSK7 & RSK10 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg
40		40	0.42 per kg
60		60	0.48 per kg
80		80	0.54 per kg
100		100	0.60 per kg

Smooth Skate: All SSK stocks

493 MFish recommends you approve the following deemed value rates for SSK1, SSK3, SSK7 and SSK10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) SSK1: decreased from \$0.44 per kg to \$0.30 per kg;
 - ii) SSK3: decreased from \$0.44 per kg to \$0.30 per kg;
 - iii) SSK7: decreased from \$0.44 per kg to \$0.30 per kg;

- iv) SSK10: decreased from \$0.44 per kg to \$0.30 per kg;
- (b) Interim deemed value rate for:
 - v) SSK1: decreased from \$0.22 per kg to \$0.15 per kg;
 - vi) SSK3: decreased from \$0.22 per kg to \$0.15 per kg;
 - vii) SSK7: decreased from \$0.22 per kg to \$0.15 per kg;
 - viii) SSK10: decreased from \$0.22 per kg to \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 38: Proposed differential deemed value rates for SSK1, SSK3, SSK7 & SSK10

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for all SSK stocks (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SSK1, SSK3, SSK7 & SSK10 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg
40		40	0.42 per kg
60		60	0.48 per kg
80		80	0.54 per kg
100		100	0.60 per kg

School Shark: SCH1, SCH2 and SCH5

494 MFish recommends you approve the following deemed value rates for SCH1, SCH2 and SCH5 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) SCH1: increase from \$1.75 per kg to \$1.98 per kg;
 - ii) SCH2: increase from \$1.51 per kg to \$1.75 per kg;
 - iii) SCH5: increase from \$1.05 per kg to \$1.25 per kg;
- (b) Interim deemed value rate for:
 - iv) SCH1: increase from \$0.87 per kg to \$0.99 per kg;
 - v) SCH2: increase from \$0.76 per kg to \$0.88 per kg;
 - vi) SCH5: increase from \$0.53 per kg to \$0.63 per kg;
- (c) Introduce differential deemed value rates into SCH2 and adjust the differential deemed values in SCH1 and SCH5 to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 39: Proposed differential deemed value rates for SCH1, SCH2 & SCH5 stocks

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for SCH1 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SCH2 (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for SCH5 (\$)
20	2.10 per kg	20	Differential deemed values currently do not apply	20	1.26 per kg
40	2.45 per kg	40		40	1.47 per kg
60	2.80 per kg	60		60	1.68 per kg
80	3.15 per kg	80		80	1.89 per kg
100	3.50 per kg	100		100	2.10 per kg

Proposed differential rates					
Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SCH5 (\$)
20	2.38 per kg	20	2.10 per kg	20	1.50 per kg
40	2.77 per kg	40	2.45 per kg	40	1.75 per kg
60	3.17 per kg	60	2.80 per kg	60	2.00 per kg
80	3.56 per kg	80	3.15 per kg	80	2.25 per kg
100	3.96 per kg	100	3.50 per kg	100	2.50 per kg

Rig: SPO7

495 MFish recommends you approve the following deemed value rates for SPO7 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.80 per kg to \$3.00 per kg.
- (b) Interim deemed value rate to increase from \$1.40 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 40: Proposed differential deemed value rates for SPO7

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for SPO7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for SPO7 (\$)
20	3.36 per kg	20	3.60 per kg
40	3.92 per kg	40	4.20 per kg
60	4.48 per kg	60	4.80 per kg
80	5.04 per kg	80	5.40 per kg
100	5.60 per kg	100	6.00 per kg

Stargazer: STA1 and STA2

496 MFish recommends you approve the following deemed value rates for STA1 and STA2 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) STA1: remain at \$0.56 per kg;
 - ii) STA2: remain at \$0.68 per kg;
- (b) Interim deemed value rate for:
 - iii) STA1: remain at \$0.28 per kg;
 - iv) STA2: remain at \$0.34 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 41: Proposed differential deemed value rates for STA1 & STA2

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for STA1 & STA2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for STA2 (\$)
20	Differential deemed values currently do not apply	20	0.67 per kg	20	0.82 per kg
40		40	0.78 per kg	40	0.95 per kg
60		60	0.90 per kg	60	1.09 per kg
80		80	1.01 per kg	80	1.22 per kg
100		100	1.12 per kg	100	1.36 per kg

Tarakihi: TAR2

497 MFish recommends you approve the following deemed value rates for TAR2 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$2.50 per kg to \$2.75 per kg.
- (b) Interim deemed value rate to increase from \$1.25 per kg to \$1.38 per kg.
- (c) Non-standard differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 42: Proposed differential deemed value rates for TAR2

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TAR2 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TAR2 (\$)
10	4.00 per kg	10	4.25 per kg
20	5.50 per kg	20	5.75 per kg

Trevally: TRE1

498 MFish recommends you approve the following deemed value rates for TRE1 for the 2009-10 season:

- (a) Annual deemed value rate to decrease from \$1.24 per kg to \$1.10 per kg.
- (b) Interim deemed value rate to decrease from \$0.62 per kg to \$0.55 per kg.
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 43: Proposed differential deemed value rates for TRE1

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for TRE1 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for TRE1 (\$)
20	1.45 per kg	20	1.32 per kg
40	1.74 per kg	40	1.54 per kg
60	1.98 per kg	60	1.76 per kg
80	2.23 per kg	80	1.98 per kg
100	2.48 per kg	100	2.20 per kg

Hake: HAK7

499 MFish recommends you approve the following deemed value rates for HAK7 for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$1.38 per kg to \$1.60 per kg;
- (b) Interim deemed value rate to increase from \$0.69 per kg to \$0.80 per kg;
- (c) Differential deemed value rates adjusted to reflect the proposed new annual deemed value rate, outlined in the table below.

Table 44: Proposed differential deemed value rates for HAK7 stocks

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for HAK7 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for HAK7 (\$)
20	1.66 per kg	20	1.92 per kg
40	1.93 per kg	40	2.24 per kg
60	2.21 per kg	60	2.56 per kg
80	2.48 per kg	80	2.88 per kg
100	2.76 per kg	100	3.20 per kg

Orange Roughy: ORH2A, ORH2B and ORH3A

500 MFish recommends you approve the following deemed value rates for ORH2A, ORH2B and ORH3A for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) ORH2A: increase from \$4.00 per kg to \$5.00 per kg;
 - ii) ORH2B: increase from \$3.86 per kg to \$5.00 per kg;
 - iii) ORH3A: increase from \$3.20 per kg to \$5.00 per kg;
- (b) Interim deemed value rate for:
 - iv) ORH2A: increase from \$2.00 per kg to \$2.50 per kg;
 - v) ORH2B: increase from \$1.93 per kg to \$2.50 per kg;
 - vi) ORH3A: increase from \$1.60 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 45: Proposed differential deemed value rates for ORH2A, ORH2B & ORH3A

Current differential rates					
Catch in excess of ACE holdings (%)	Current deemed value rate for ORH2A (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for ORH2B (\$)	Catch in excess of ACE holdings (%)	Current deemed value rate for ORH3A (\$)
20	4.80 per kg	20	4.63 per kg	20	3.84 per kg
40	5.60 per kg	40	5.40 per kg	40	4.48 per kg
60	6.40 per kg	60	6.18 per kg	60	5.12 per kg
80	7.20 per kg	80	6.95 per kg	80	5.76 per kg
100	8.00 per kg	100	7.72 per kg	100	6.40 per kg

Proposed differential rates	
Catch in excess of ACE holdings (%)	Proposed deemed value rate for ORH2A, ORH2B & ORH3A (\$)
20	6.00 per kg
40	7.00 per kg
60	8.00 per kg
80	9.00 per kg
100	10.00 per kg

Rubyfish: RBY1 and RBY3

501 MFish recommends you approve the following deemed value rates for RBY1 and RBY3 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) RBY1: increase from \$0.06 per kg to \$0.14 per kg;
 - ii) RBY3: increase from \$0.03 per kg to \$0.19 per kg;
- (b) Interim deemed value rate for:
 - iii) RBY1: increase from \$0.03 per kg to \$0.07 per kg;
 - iv) RBY3: increase from \$0.02 per kg to \$0.10 per kg;
- (c) Continue to have no differential deemed value rates in these fisheries.

Ribaldo: RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 and RIB10

502 MFish recommends you approve the following deemed value rates for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 and RIB10 for the 2009-10 season:

- (a) Annual deemed value rate for:
 - i) RIB1: remain at \$0.30 per kg;
 - ii) RIB2: remain at \$0.30 per kg;
 - iii) RIB3: remain at \$0.30 per kg;
 - iv) RIB4: remain at \$0.30 per kg;
 - v) RIB5: remain at \$0.30 per kg;
 - vi) RIB6: remain at \$0.80 per kg;
 - vii) RIB10: remain at \$0.30 per kg;
- (b) Interim deemed value rate for:
 - viii) RIB1: remain at \$0.15 per kg;
 - ix) RIB2: remain at \$0.15 per kg;
 - x) RIB3: remain at \$0.15 per kg;
 - xi) RIB4: remain at \$0.15 per kg;
 - xii) RIB5: remain at \$0.15 per kg;
 - xiii) RIB6: remain at \$0.40 per kg;
 - xiv) RIB10: remain at \$0.15 per kg;
- (c) Introduce differential deemed value rates into these fisheries at the rates outlined in the table below.

Table 47: Proposed differential deemed value rates for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 & RIB10

Current differential rates		Proposed differential rates			
Catch in excess of ACE holdings (%)	Current deemed value rate for RIB1, RIB2, RIB3, RIB4, RIB5, RIB6 & RIB10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RIB1, RIB2, RIB3, RIB4, RIB5 & RIB10 (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for RIB6 (\$)
20	Differential deemed values currently do not apply	20	0.36 per kg	20	0.96 per kg
40		40	0.42 per kg	40	1.12 per kg
60		60	0.48 per kg	60	1.28 per kg
80		80	0.54 per kg	80	1.44 per kg
100		100	0.60 per kg	100	1.60 per kg

White Warehou: WWA5B

503 MFish recommends you approve the following deemed value rates for WWA5B for the 2009-10 season:

- (a) Annual deemed value rate to increase from \$0.54 per kg to \$1.03 per kg.
- (b) Interim deemed value rate to increase from \$0.27 per kg to \$0.52 per kg.
- (c) Introduce a non-standard differential deemed value rates into this fishery at the rates outlined in the table below.

Table 48: Proposed differential deemed value rates for WWA5B

Current differential rates		Proposed differential rates	
Catch in excess of ACE holdings (%)	Current deemed value rate for WWA5B (\$)	Catch in excess of ACE holdings (%)	Proposed deemed value rate for WWA5B (\$)
10	Differential deemed values currently do not apply	10	2.00 per kg

Ralph Townsend
Chief Economist

APPROVED / NOT APPROVED / APPROVED AS AMENDED

Hon Phil Heatley
Minister of Fisheries

/ / 2009

Statutory consideration

- 504 **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.
- 505 **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.
- 506 **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.
- 507 **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.
- 508 **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. This is discussed in the body of the paper.
- 509 **Section 75 (2)(b)** – Section 75 (2) (b) sets out the matters the Minister may have regard to when setting deemed values. These matters are discussed in the body of the paper.
- 510 **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 some stocks.
- 511 **Section 75 (6)** – Section 75 (6) details the constraints on the Minister when setting deemed value rates. The Minister must not a) consider the personal circumstances of any individual or class or person liable to pay deemed value or b) set separate deemed value rates in individual cases when setting an interim deemed value rate or an annual deemed value rate. MFish believes these constraints have been duly considered in developing the deemed value rates proposed in this paper.
- 512 **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 consults 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 stock.