

APPENDIX 1: DEEMED VALUE STANDARD (2007)

<p>Aim</p>	<p>To set a deemed value rate above the ACE price where the TACC is constraining catch, to encourage fishers to balance catch through the purchase of ACE rather than the payment of deemed values.</p> <p>For high value stocks the deemed value rate will be considerably above the ACE price.</p>
<p>When is a deemed value reviewed?</p>	<p>(1) When a fish stock enters the QMS.</p>
	<p>(2) If one of the following indicators listed below is met:</p> <ul style="list-style-type: none"> • Catch is in excess of available ACE • Deemed value payments invoiced in the previous fishing year but ACE remained unused • Changes to the port price of the stock • Direct request from SeaFIC on behalf of quota owners • Recent changes to a stock's TACC or the TACC of key bycatch stocks • Stock has recently entered the QMS and the deemed value rate was set using limited information. <p>And</p> <p>Following a review of the fishery to analyse and assess:</p> <ul style="list-style-type: none"> • Likely reasons for the TACC overcatch/ACE breaches • Performance of bycatch fisheries associated with the stock under review • Changes in the structure of quota/ACE holdings • Changes in the market price/market structure for the fish product/species under review. • Risk that the deemed value requirements set out in s. 75 of the Fisheries Act 1996 may not be met
<p>How are deemed values set?</p>	<p>Deemed values will be set on a stock by stock basis for all fish stocks apart from those categorised as high value fishstocks.</p>
<p>High value fishstocks</p>	<p>These are high value single species stocks - paua, rock lobster, scallops, oysters and eels.</p>
<p>Information sources used</p>	<p>Deemed values set following analysis of the following information sources:</p> <ol style="list-style-type: none"> 1. Port price 2. ACE trading price 3. Export prices as a proxy for market value (where appropriate) 4. Bycatch information (ratios and shadow values) 5. Review of previous deemed value payments

	6. Cost recovery levy rates
Annual deemed values	High value to the commercial sector - set at 200% of the highest port price.
Interim deemed values	Greater flexibility in setting interim deemed value rates. Interim deemed values will continue to be set at 50% of the annual deemed value as standard.
Differential deemed values	Differential deemed values maintained but flexibility in when and how they are applied.
All other Fish stocks	The goal is to set the Deemed values set on a stock by stock basis using the best available information for that stock. The goal will be to set the deemed value rate at some level above the marginal price of ACE where the TACC is constraining catch.
Information sources used	Deemed values set following analysis of the following information sources <ol style="list-style-type: none"> 1. Port price 2. ACE trading price 3. Export prices as a proxy for market value (where appropriate) 4. Bycatch information (ratios and shadow values) 5. Review of previous deemed value payments 6. Cost recovery levy rates
Annual deemed values	Annual deemed value set above the ACE price that would exist if the TACC was constraining catch.
Interim deemed values	Greater flexibility in setting interim deemed value rates. Interim deemed values will not be set at 50% of the annual deemed value as standard.
Differential deemed values	Differential deemed values maintained but flexibility in when and how they are applied.

APPENDIX 2 – INFORMATION SHEETS

Deemed Value Review 2007: BAR5

Over 99% of the recorded catch is taken by trawlers. Major target fisheries have been developed on spring spawning aggregations (Chatham Islands, Stewart Island, west coast South Island and northern and central east coast South Island) as well as on summer feeding aggregations, particularly around The Snares and on the east coast of the South Island. Barracouta also comprise a significant proportion of the bycatch in the west coast North Island jack mackerel and The Snares squid fisheries.

A. Overview:

Current deemed value rates:

Interim: \$0.10/kg

Annual: \$0.19/kg

Differential deemed values apply.

Key target stocks: Arrow Squid and Jack Mackerel

B. Criteria for determining if a review is appropriate:

Criteria	BAR5
a) Catch in excess of ACE	Yes – BAR5 was over caught by 126% during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for BAR5 of \$490,975 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price for BAR5 has increased from \$0.19 to \$0.25 (an increase of \$0.06)
d) Request from quota owners	Yes – Eric Barratt (Sanford Limited)
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

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

C. Assessment of the fishery:

C.1 Relationship with associated species

BAR5 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in BAR5 on other BAR stocks will need to be monitored.

BAR1:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BAR1	0.10	0.19

Differential deemed values apply.

Criteria	BAR1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,302 when 42% of ACE remained unused were issued at the end of

	the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.18 to \$0.24 (an increase of \$0.06)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BAR4:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BAR4	0.10	0.19

Differential deemed values apply.

Criteria	BAR4
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – port price has increased from \$0.19 to \$0.25 (an increase of \$0.06)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BAR7:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BAR7	0.10	0.19

Differential deemed values apply.

Criteria	BAR7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$3,237 when 5% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$0.19 to \$0.25 (an increase of \$0.06)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

BAR10:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BAR10	0.10	0.19

Differential deemed values apply.

Criteria	BAR10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the	No

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

Following this assessment it is apparent that BAR1, BAR4, BAR7 & BAR10 are potentially candidates for a review.

C.2 Assessment and analysis of information sources:

Information source	BAR5		BAR1		BAR4	
Port price 06/07	BAR5	\$0.19	BAR1	\$0.18	BAR4	\$0.19
Port price 07/08	BAR5	\$0.25	BAR1	\$0.24	BAR4	\$0.25
ACE trading price (most recent fishing year)	BAR5	\$0.1252/kg	BAR1	\$0.0604/kg	BAR4	\$0.0537/kg
Export price data*	BAR	\$1.17	BAR	\$1.17	BAR	\$1.17
Bycatch: ratios	BAR		BAR		BAR	
Bycatch: shadow values	BAR		BAR		BAR	
Previous deemed value invoices**	BAR5	\$490,975	BAR1	\$1,302	BAR4	\$0
Cost recovery levies	BAR5	\$0.0041/kg	BAR1	\$0.0044/kg	BAR4	\$0.0041/kg

Information source	BAR7		BAR10	
Port price 06/07	BAR7	\$0.19	BAR10	N/A
Port price 07/08	BAR7	\$0.25	BAR10	N/A
ACE trading price (most recent fishing year)	BAR7	\$0.1074/kg	BAR10	No valid trades
Export price data*	BAR	\$1.17	BAR	\$1.17
Bycatch: ratios	BAR		BAR	
Bycatch: shadow values	BAR		BAR	
Previous deemed value invoices**	BAR7	\$3,237	BAR10	\$0
Cost recovery levies	BAR7	\$0.0046/kg	BAR10	N/A

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- In the 2005-06 fishing season deemed values were paid on 2,584 tonnes of BAR5 which equates to 34.6% of the TACC (7,470 tonnes).
- At the end of the 2005-06 fishing season three companies were invoiced 73.3% of the total \$490,975 deemed value bill. The largest single deemed value invoice was for \$186,019 (37.9% of the total deemed value invoices). This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- The recent increase in the port price of BAR5 means that the port price (\$0.25) is higher than the annual deemed value rate (\$0.19). Also the average export price from 2006 suggests that fishers have the opportunity to realise a profit if they choose to catch and deem BAR5.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: BNS2

The most important domestic bluenose trawl fisheries occur off the Wairarapa Coast (BNS2), where bluenose is a major bycatch in the alfonsino and gemfish target trawl fisheries, and a lesser component in other trawl fisheries. The bluenose is starting to be targeted in BNS2 by some fishers.

A. Overview:

Current deemed value rates:

Interim: \$1.09/kg

Annual: \$2.18/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	BNS2
a) Catch in excess of ACE	Yes – 106% during previous fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$196,539 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$3.57 to \$3.74 (an increase of \$0.17)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes - In the 2004/2005 fishing year the TACC was increased by 175 tonnes
f) Stock has recently entered the QMS	No

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

C. Assessment of the fishery:

C.1 Relationship with associated species¹¹

BNS2 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in BNS2 on other BNS stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	Bluenose	
	Port price 06/07	BNS2
Port price 07/08	BNS2	\$3.74
ACE trading price (most recent fishing year)	BNS2	\$1.8191/kg
Export price data*	BNS	\$8.94

¹¹ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Bycatch: ratios	BNS	
Bycatch: shadow values	BNS	
Previous deemed value invoices**	BNS2	\$196,539
Cost recovery levies	BNS2	\$0.1001/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- An analysis of deemed value payments from the most recent fishing season indicates that one company was responsible for 66.2% of the total deemed value bill - \$130,193 out of the total \$196,539. This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- An increase in the port price (\$3. 74) of BNS2 has pushed it well above the annual deemed value rate (\$2.18). This means it may now be profitable for fishers catch BNS2 and pay the deemed values. An increase in the annual deemed value rate may address this issue.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: FLA3 & RCO3

Red Cod

Red cod are targeted primarily by domestic trawlers in the depth range between 30 and 200m and are also a bycatch of deepwater fisheries off the southeast and southwest coasts of the South Island. Bycatch problems while targeting red cod are therefore common for stargazer, red gurnard, elephant fish, rig, school shark, blue cod, groper and tarakihi.

A. Overview:

Current deemed value rates:

Interim: \$0.16/kg

Annual: \$0.32/kg

Differential deemed values apply.

Key bycatch stocks: Elephant Fish, Gurnard, School Shark, Blue Cod, Stargazer, Groper & Tarakihi.

Flatfish

Flatfish ITQ provides for the landing of eight species of flatfish. These are: the yellow-belly flounder, *Rhombosolea leporina*; sand flounder, *Rhombosolea plebeia*; black flounder, *Rhombosolea retiaria*; greenback flounder, *Rhombosolea tapirina*; lemon sole, *Pelotretis flavilatus*; New Zealand sole, *Peltorhamphus novaezeelandiae*; brill, *Colistium guntheri*; and turbot, *Colistium nudipinnis*. For management purposes landings of these species are combined.

A. Overview:

Current deemed value rates:

Interim: \$0.75/kg

Annual: \$1.50/kg

Differential deemed values apply.

Key bycatch stocks: Elephant Fish, Gurnard, School Shark, Rig & Stargazer.

B. Reason for Review:

RCO3 is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of RCO3 against the review criteria is detailed below:

Criteria	RCO3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,426 were issued at the end of the 2005/2006 fishing season when 76% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price for RCO3 has increased from \$0.54 to \$0.56 (an increase of \$0.02)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

FLA3 is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of FLA3 against the review criteria is detailed below:

Criteria	FLA3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$582 were issued at the end of the 2005/2006 fishing season when 60% of ACE remained unused

c) Changes to the port price of the stock	Yes – port price for FLA3 has increased from \$2.96 to \$3.17 (an increase of \$0.21)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Relationship with associated species¹²

Both RCO3 and FLA3 are target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

Elephant Fish:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
ELE3	1.21	1.41
ELE5	0.79	0.99

Differential deemed value rates do not apply

Criteria	ELE3 & ELE5
a) Catch in excess of ACE	Yes – ELE3 (107%) and ELE5 (117%) were both over caught during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for ELE3 (\$120,575) and ELE5 (\$24,436) were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price for ELE 3 has increased from \$1.80 to \$1.91 (an increase of \$0.11) and the port price for ELE5 has increased from \$1.31 to \$1.76 (a decrease of \$0.35)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – The TACC for ELE5 was increased by 20 tonne for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

Gurnard:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
GUR3	0.43	0.85

Differential deemed value rates apply

Criteria	GUR3
a) Catch in excess of ACE	Yes – GUR3 was over caught by 113% during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for GUR3 of \$142,677 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – the port price for GUR3 has increased from \$1.09 to \$1.71 (an increase of \$0.62)

¹² See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

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

School Shark:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SCH3	0.53	1.05
SCH4	0.53	1.05
SCH5	0.53	1.05

Differential deemed value rates apply

Criteria	SCH3, SCH4 & SCH5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	SCH3: Negligible SCH4: Negligible SCH5: Negligible
c) Changes to the port price of the stock	Yes – the port price for SCH3 has decreased from \$1.75 to \$1.71 (a decrease of \$0.04), the port price for SCH4 has increased from \$1.77 to \$1.99 (an increase of \$0.22) and the port price for SCH5 has increased from \$1.77 to \$2.17 (an increase of \$0.40)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – SCH3 (increase of 65 tonnes) and SCH5 (increase of 35 tonnes) for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

Blue Cod:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
BCO3	0.96	1.92
BCO4	0.67	1.34
BCO5	0.75	1.50

Differential deemed value rates apply

Criteria	BCO3, BCO4 & BCO5
a) Catch in excess of ACE	Yes – BCO3 was over caught by 109% during the 2005/2006 fishing year
b) Deemed value payments in previous years	BCO3: \$53,147 BCO4: \$7,517 while 26% of ACE was unused BCO5: Negligible
c) Changes to the port price of the stock	Yes – the port price for BCO3 has increased from \$2.94 to \$3.81 (an increase of \$0.87), the port price for BCO4 has decreased from \$4.21 to \$3.76 (a decrease of \$0.43) and the port price for BCO5 has decreased from \$4.21 to \$3.94 (a decrease of \$0.27)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Stargazer:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
STA3	0.45	0.90
STA4	0.51	1.01
STA5	0.51	1.01

Differential deemed value rates apply

Criteria	STA3, STA4 & STA5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	STA3: Negligible STA4: Negligible STA5: Not applicable
c) Changes to the port price of the stock	Yes – the port price for STA3 has increased from \$0.83 to \$1.10 (an increase of \$0.27), the port price for STA4 has increased from \$0.95 to \$1.09 (an increase of \$0.14) and the port price for STA5 has increased from \$0.92 to \$1.07 (an increase of \$0.15)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Groper (Hapuku & Bass):

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
HPB3	0.90	1.50
HPB4	0.90	1.80
HPB5	0.90	1.80

Differential deemed value rates apply

Criteria	HPB3, HPB4 & HPB5
a) Catch in excess of ACE	Yes – HPB3 was over caught by 118% during the 2005/2006 fishing year
b) Deemed value payments in previous years	HPB3: \$138,631 HPB4: Negligible HPB5: Negligible
c) Changes to the port price of the stock	Yes – the port price for HPB3 has decreased from \$4.56 to \$3.41 (a decrease of \$1.15), the port price for HPB4 has decreased from \$4.56 to \$4.25 (a decrease of \$0.31) and the port price for HPB5 has decreased from \$4.56 to \$4.25 (a increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Rig:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPO3	0.85	1.70

Differential deemed value rates apply

Criteria	SPO3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Negligible
c) Changes to the port price of the stock	Yes – the port price for SPO3 has increased from \$2.69 to \$3.18 (an increase of \$0.49)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Tarakihi:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
TAR3	0.55	1.09
TAR4	0.83	0.84
TAR5	0.42	0.83

Differential deemed value rates apply

Criteria	TAR3, TAR4 & TAR5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	TAR3: Negligible TAR4: Negligible TAR5: Not applicable
c) Changes to the port price of the stock	Yes – the port price for TAR3 has increased from \$1.42 to \$1.54 (an increase of \$0.12), the port price for TAR4 has decreased from \$2.47 to \$1.84 (a decrease of \$0.63) and the port price for TAR5 has increased from \$1.19 to \$1.41 (an increase of \$0.22)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – The TACC for TAR3 was increased by 234 tonnes for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rates for ELE3, ELE5, GUR3, SCH3, SCH4, SCH5, BCO3, BCO4, BCO5, HPB3, HPB4, HPB5 & TAR3 are possible candidates for a review. The performance of STA3, STA4, STA5, TAR4 & TAR5 against the criteria suggest that a review is not necessary at this time.

C.2 Assessment and analysis of information sources:

Information source	Red Cod		Flatfish		Gurnard	
	RCO3		FLA3		GUR3	
Port price 06/07	RCO3	\$0.54	FLA3	\$2.96	GUR3	\$1.09
Port price 07/08	RCO3	\$0.56	FLA3	\$3.17	GUR3	\$1.71
ACE trading price (most recent fishing year)	RCO3	\$0.0725/kg	FLA3	\$0.6327/kg	GUR3	\$0.3902/kg
Export price data*	RCO	\$3.58	FLA	\$5.49	GUR	\$7.69
Bycatch: ratios	RCO	44%	FLA	14%	GUR	5%

Bycatch: shadow values	Not applicable		FLA	\$0.52	GUR	\$1.48
Previous deemed value invoices**	RCO3	\$1,426	FLA3	\$582	GUR3	\$142,677
Cost recovery levies	RCO3	\$0.0107/kg	FLA3	\$0.0616/kg	GUR3	\$0.00/kg

Information source	School Shark		Blue Cod		Stargazer	
Port price 06/07	SCH3	\$1.75	BCO3	\$2.94	STA3	\$0.83
	SCH4	\$1.77	BCO4	\$4.21	STA4	\$0.95
	SCH5	\$1.77	BCO5	\$4.21	STA5	\$0.92
Port price 07/08	SCH3	\$1.71	BCO3	\$3.81	STA3	\$1.10
	SCH4	\$1.99	BCO4	\$3.76	STA4	\$1.09
	SCH5	\$2.17	BCO5	\$3.94	STA5	\$1.07
ACE trading price (most recent fishing year)	SCH3	\$0.5959/kg	BCO3	\$1.4108/kg	STA3	\$0.4001/kg
	SCH4	\$0.3820/kg	BCO4	\$0.3625/kg	STA4	\$0.3264/kg
	SCH5	\$0.6353/kg	BCO5	\$0.7944/kg	STA5	\$0.4253/kg
Export price data*	SCH	\$8.84	BCO	\$13.41	STA	\$4.93
Bycatch: ratios	SCH	1%	BCO	1%	STA	3%
Bycatch: shadow values	SCH	\$7.83	BCO	\$7.83	STA	\$2.46
Previous deemed value invoices**	SCH3	\$332	BCO3	\$53,147	STA3	\$767
	SCH4	\$2,536	BCO4	\$7,517	STA4	\$5
	SCH5	\$1,205	BCO5	\$125	STA5	\$0
Cost recovery levies	SCH3	\$0.0466/kg	BCO3	\$0.0574/kg	STA3	\$0.0228/kg
	SCH4	\$0.0344/kg	BCO4	\$0.0889/kg	STA4	\$0.0199/kg
	SCH5	\$0.0473/kg	BCO5	\$0.082/kg	STA5	\$0.0195/kg

Information source	Groper (Hapuku & Bass)		Rig		Tarakihi	
Port price 06/07	HPB3	\$4.56	SPO3	\$2.69	TAR3	\$1.42
	HPB4	\$4.56			TAR4	\$2.47
	HPB5	\$4.56			TAR5	\$1.19
Port price 07/08	HPB3	\$3.41	SPO3	\$3.18	TAR3	\$1.54
	HPB4	\$4.25			TAR4	\$1.84
	HPB5	\$4.25			TAR5	\$1.41
ACE trading price (most recent fishing year)	HPB3	\$1.0044/kg	SPO3	\$0.6489/kg	TAR3	\$0.4515/kg
	HPB4	\$0.3893/kg			TAR4	\$0.4038/kg

	HPB5	\$0.4928/kg			TAR5	\$0.2382/kg
Export price data*	HPB	\$8.92	SPO	\$11.08	TAR	\$5.61
Bycatch: ratios	HPB	1%	SPO	1%	TAR	3%
Bycatch: shadow values	HPB	\$7.83	SPO	\$7.83	TAR	\$2.46
Previous deemed value invoices**	HPB3	\$138,631	SPO3	\$412	TAR3	\$249
	HPB4	\$1,927			TAR4	\$388
	HPB5	\$184			TAR5	\$0
Cost recovery levies	HPB3	\$0.1034/kg	SPO3	\$0.0716/kg	TAR3	\$0.0656/kg
	HPB4	\$0.1034/kg			TAR4	\$0.0477/kg
	HPB5	\$0.1034/kg			TAR5	\$0.0236/kg

Information source	Elephant Fish	
Port price 06/07	ELE3	\$1.80
	ELE5	\$1.31
Port price 07/08	ELE3	\$1.91
	ELE5	\$1.76
ACE trading price (most recent fishing year)	ELE3	\$0.6162/kg
	ELE5	\$0.6738/kg
Export price data*	ELE	\$6.55
Bycatch: ratios	ELE	5%
Bycatch: shadow values	ELE	\$1.48
Previous deemed value invoices**	ELE3	\$120,575
	ELE5	\$24,436
Cost recovery levies	ELE3	\$0.0212/kg
	ELE5	\$0.0349/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The Southern Inshore Fin-fishery is based upon a fluctuating target fishery for red cod and flatfish. The nature of these fisheries means that in targeting red cod and flatfish fishers catch considerable amounts of vulnerable bycatch species (elephant fish, school shark and rig).

- The proposed TACC adjustment (if the Minister agrees) is to decrease the TACC for FLA3 and RCO3.
- There are concerns that fishers are purchasing RCO3 ACE to catch (target) the bycatch species and then pay the deemed values on them. Essentially the availability of RCO3 ACE is providing an entry point for fishers into the bycatch fishery.
- Licensed Fish Receivers are also not purchasing any red cod under 45cm length (legal limit is 25cm). There are concerns that this is leading to high grading and dumping of red cod.
- In FLA3, the total deemed value payments were \$582 in the 2005/2006 fishing year while 60% of ACE was unused.
- An assessment of port prices for RCO3 and the associated species indicates that they are well above the annual deemed value rate. This means it may now be profitable for fishers catch these species and pay the deemed values.
 - The port price for RCO3 (\$0.56/kg) is above the annual deemed value rate (\$0.32/kg).
 - An increase in the port price for ELE3 (\$1.91/kg) has pushed it further above the annual deemed value rate (\$1.41/kg).
 - An increase in the port price for GUR3 (\$1.71/kg) has pushed it further above the annual deemed value rate (\$0.85/kg).
 - An increase in the port price for BCO3 (\$3.81/kg) has pushed it further above the annual deemed value rate (\$1.92/kg).
 - Despite a decrease in the port price for HPB3 (\$3.41/kg) it is still well above the annual deemed value rate (\$1.50/kg).
- In FLA3, the total deemed value payments were \$582 in the 2005/2006 fishing year while 60% of ACE was unused.
- An analysis of deemed value payments from the most recent fishing seasons suggest that a handful of companies are responsible for the bulk of the deemed value payments. This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
 - In ELE3, two companies were invoiced 58.8% of the total \$120,575 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$44,865 (37% of the total deemed value invoices).
 - In GUR3, four companies were invoiced 47.8% of the total \$142,677 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$24,803 (17.4% of the total deemed value invoices).
 - In BCO3, two companies were invoiced 62.4% of the total \$53,147 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$24,504 (46% of the total deemed value invoices).
 - In HPB3, three companies were invoiced 54.1% of the total \$138,631 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$27,733 (20% of the total deemed value invoices).
- A deemed value adjustment may be necessary for RCO3 to ensure the new TACC is appropriately protected. As some fishers are already choosing to deem catches of their bycatch species it is likely that a deemed value adjustment of these stocks is also required.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: GUR7 & GUR8

Red gurnard are a major bycatch of inshore trawl fisheries in most areas of New Zealand, including fisheries for red cod in the southern regions, and flatfish on the west coast of the South Island and in Tasman Bay. They are also directly targeted in some areas. Some minor target fisheries for red gurnard are known in Pegasus Bay, off Mahia and off the west coast South Island. Red gurnard is also a minor bycatch in the jack mackerel trawl fishery in the South Taranaki Bight. Up to 15% of the total red gurnard catch is taken by longline and set net.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
GUR7	0.43	0.85
GUR8	0.57	1.13

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

GUR7:

Criteria	GUR7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$820 were issued when 13% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.62 to \$1.86 (an increase of \$0.24)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

GUR7 fulfils criteria b) and c) above and therefore is considered appropriate for a review.

GUR8:

Criteria	GUR8
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$891 were issued when 37% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$1.62 to \$1.90 (an increase of \$0.28)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

GUR8 fulfils criteria b) and c) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species¹³

GUR7 and GUR8 are predominantly bycatch fisheries and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value changes in GUR7 and GUR8 on other GUR stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	Gurnard	
Port price 06/07	GUR7	\$1.62
	GUR8	\$1.62
Port price 07/08	GUR7	\$1.86
	GUR8	\$1.90
ACE trading price (most recent fishing year)	GUR7	\$0.4086/kg
	GUR8	\$0.3892/kg
Export price data*	GUR	\$7.69
Bycatch: ratios	GUR	
Bycatch: shadow values	GUR	
Previous deemed value invoices**	GUR7	\$820
	GUR8	\$891
Cost recovery levies	GUR7	\$0.1328/kg
	GUR8	\$0.0374/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- There is strong evidence of dumping occurring in GUR7 & GUR8. In a recent compliance investigation in the fishery two out of the three fishers investigated pleaded guilty to indicative charges of dumping.
- Fishers are choosing to dump gurnard because of two key reasons. First, differential prices are being paid to fishers for different sizes of gurnard – particularly by one LFR. For example:
 - \$0.07/kg for fish < 28cm
 - \$1.00/kg for fish between 28cm – 33cm
 - \$1.75/kg for fish >33cm
 This is creating a real incentive for fishers to highgrade small gurnard.

¹³ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

- Secondly, this same LFR provides gurnard fishers with the necessary ACE to enable them to go fishing but also charges any deemed value payments back to the fisher, thus creating further incentives to dump or high grade. Therefore contracted fishers are paid based on the value of the catch landed, which is heavily influenced by the size of gurnard landed, minus the deemed values charges.
- These are the main drivers for including GUR7 and GUR8 on the review list – it is still unclear if a deemed value adjustment is the most appropriate management intervention given the incentives operating in the fishery.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deem Value Review 2007: HOK1

Hoki are widely distributed throughout New Zealand waters from 34° S to 54° S, from depths of 10 m to over 900 m, with greatest abundance between 200 and 600 m. Large adult fish are generally found deeper than 400 m, while juveniles are more abundant in shallower water.

A. Overview:

Current deemed value rates:

Interim: \$0.30/kg

Annual: \$0.59/kg

Differential deemed values apply.

Key bycatch stocks: Hake/Ling

B. Reason for Review:

Criteria	HOK1
a) Catch in excess of ACE	Yes – 104% during previous fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$2.7m were issues at the end of the 2005-06 fishing season
c) Changes to the port price of the stock	Yes – port price has decreased from \$0.61 to \$0.60 (a decrease of \$0.01)
d) Request from quota owners	Yes – Request from Eric Barratt of Sanfords and Tom McClurg of AFL
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – HOK1 TACC was reduced in 2004 from 180,000 tonnes to 100,000. The deemed value rates were not amended at the same time. HAK4: TACC reduced from 3,500 tonnes to 1800 tonnes at the start of the 2004-05 fishing season. HAK7: TACC increased from 6855 tonnes to 7700 tonnes at the start of the 2005-06 fishing season. LIN5: TACC increased from 3001 tonnes to 3595 tonnes at the start of the 2004-05 fishing season. LIN6: TACC increased from 7100 tonnes to 8505 tonnes at the start of the 2004-05 fishing season.
f) Stock has recently entered the QMS	No

HOK1 fulfils criteria a), b), c), d) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 relationship with associated species¹⁴

Hoki is a target fishery and therefore a full review of associated species is required particularly if it is likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

¹⁴ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’

Hake:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
HAK1	.59	1.17
HAK4	.63	1.25
HAK7	.69	1.38

Differential deemed value rates apply

Criteria	HAK
a) Catch in excess of ACE	No overcatch in the most recent fishing season recorded. There has been overcatch in the previous fishing seasons but this has been mitigated by the recent increases to the TACCs of some hake stocks and the reduction in the HOK1 TACC in 2004.
b) Deemed value payments in previous years	HAK1: nominal HAK4: nominal HAK7: nominal
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Some recent TACC changes recorded. HAK4: TACC reduced from 3,500 tonnes to 1800 tonnes at the start of the 2004-05 fishing season. HAK7: TACC increased from 6855 tonnes to 7700 tonnes at the start of the 2005-06 fishing season.
f) Stock has recently entered the QMS	No

Ling:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
LIN1	.85	1.69
LIN2	.75	1.49
LIN3	.88	1.75
LIN4	.64	1.27
LIN5	.91	1.81
LIN6	.84	1.67
LIN7	1.11	2.21

Differential deemed value rates apply

Criteria	LIN
a) Catch in excess of ACE	Yes: LIN7 overcaught by 111% in the most recent fishing season.
b) Deemed value payments in previous years	Yes: Relatively small amounts apart from LIN7 where deemed value invoices for \$768,000 were invoiced for the 2005-06 fishing season.
c) Changes to the port price of the stock	Yes – Significant increase in port price rates across all ling stocks.
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes - see hake and hoki above
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rate for LIN7 is a candidate for review.

C.2 Assessment and analysis of information sources:

Information source	Hoki		Hake		Ling	
Port price 06/07	HOK1	\$0.61	HAK1	\$1.00	LIN1	\$1.40
			HAK4	\$1.00	LIN2	\$1.36
			HAK7	\$1.00	LIN3	
					LIN4	
					LIN5	
					LIN6	
					LIN7	
Port price 07/08	HOK1	\$0.60	HAK1	\$1.00	LIN1	\$2.24
			HAK4	\$1.00	LIN2	\$3.07
			HAK7	\$1.00	LIN3	
					LIN4	
					LIN5	
					LIN6	
					LIN7	
ACE trading price (most recent fishing year)	HOK1	\$0.5117/kg	HAK1	\$0.9425/kg	LIN1	\$0.8921/kg
			HAK4	\$0.6920/kg	LIN2	\$0.9089/kg
			HAK7	\$1.1759/kg	LIN3	\$0.9956/kg
					LIN4	\$0.5006/kg
					LIN5	\$1.0495/kg
					LIN6	\$0.8336/kg
					LIN7	\$1.6393/kg
Export price data*	Hoki	\$3.82	Hake	\$6.47	Ling	\$6.61
Bycatch: ratios ¹	Hoki	83% ²	Hake	3.5%	Ling	2.7%
Bycatch: shadow values ³	Not applicable		Hake	\$15	Ling	\$26
Previous deemed value invoices**	HOK1	\$2.7m	HAK1	nominal	LIN1	\$1.317
			HAK4		LIN2	\$0
			HAK7		LIN3	\$4,667
					LIN4	nominal
					LIN5	nominal
					LIN6	\$0
					LIN7	\$768,081
Cost recovery levies	HOK1	\$0.06228/kg	HAK1	\$0.081/kg	LIN1	\$0.042/kg
			HAK4	\$0.093/kg	LIN2	\$0.053/kg
			HAK7	\$0.028/kg	LIN3	\$0.054/kg
					LIN4	\$0.043/kg
					LIN5	\$0.067/kg
					LIN6	\$0.050/kg
					LIN7	\$0.086/kg

* Export price data for year ending September 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

¹: In a study of fish discards and non-target fish catch in the New Zealand hoki trawl fishery, 1999-2000 to 2002-03 hoki accounted for 83% of the total estimated catch from all observed trawls targeting hoki between 1 October 1999 and 30 September 2003, hake accounted for 3.5% and ling 2.7%. However there is variation within these figures depending on the area being fished and the time of year the fishing takes place.

²: Hoki as the target species

³: The maximum shadow value is calculated by dividing the value of the ACE of the target stock by the bycatch-to-target proportional catch rate.

Key points:

- The current HOK1 annual deemed value rate is set above the average ACE trading price but even at this level it is not constraining catch.

- Port price is marginally higher than the current annual deemed value rate but the average export price from 2006 is well above the deemed value rate suggesting that there is still a profit to be realised from fishing and covering catch through deemed value payments rather than ACE.
- Of the total deemed value invoices issued for hoki at the end of the 2005-06 season, six were to companies who had incurred deemed value penalties in excess of \$200,000. This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- An assessment of the port prices for LIN indicates that across all stocks (excluding LIN4) the port price is above the annual deemed value rates. This means it may be profitable for fishers to catch these species and pay the deemed values. An increase in the annual deemed value rate may address this issue.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: JDO2 & JDO7

John dory are taken mainly as a bycatch of the trawl and danish seine fisheries. Landings from JDO 2 are considered to be approximately equally split between QMAs 2 and 8. Substantial proportions of John dory landings are taken as bycatch in target trawl fisheries for jack mackerels in QMA 8, and as tarakihi and red gurnard bycatch in QMA 2. The JDO 7 catch has exceeded the TACC during the last five fishing years. Substantial increases in landings from this fish stock since 1999 are attributed to increased abundance in response to environmental influences on recruitment and stock displacement. JDO7 is taken largely as a bycatch by FMA 7 trawl fisheries.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
JDO2	1.33	2.65
JDO7	1.59	3.17*

*Differential deemed values do not apply.

Key target stocks: Snapper, Gurnard, Trevally, Tarakihi, & Jack Mackerel.

B. Criteria for determining if a review is appropriate:

Criteria	JDO2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$31,576 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – the port price for JDO2 has increased from \$5.38 to \$6.07 (an increase of \$0.69)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

JDO2 fulfils criteria b) and c) above and therefore is considered appropriate for a review.

Criteria	JDO7
a) Catch in excess of ACE	Yes – JDO7 was over caught by 106% during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$102 when 46% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – the port price for JDO7 has increased from \$4.64 to \$6.07 (an increase of \$1.43)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – TACC was increased by 23 tonnes for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

JDO7 fulfils criteria a), b), c) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species¹⁵

JDO7 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in JDO7 on other JDO stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	John Dory	
Port price 06/07	JDO2	\$5.38
	JDO7	\$4.64
Port price 07/08	JDO2	\$6.07
	JDO7	\$6.07
ACE trading price (most recent fishing year)	JDO2	\$0.8781/kg
	JDO7	\$1.3200/kg
Export price data*	JDO	\$10.05
Bycatch: ratios	JDO	
Bycatch: shadow values	JDO	
Previous deemed value invoices**	JDO2	\$102
	JDO7	\$31,576
Cost recovery levies	JDO2	\$0.1104/kg
	JDO7	\$0.1049/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- In the 2005-06 fishing season 10 tonnes of JDO7 was deemed.
- There is strong evidence of dumping occurring in JDO7. In a recent compliance investigation in the fishery two out of the three fishers investigated pleaded guilty to indicative charges of dumping. Dumping is probably encouraged by the fact that contract fishers, fishing ACE on behalf on one of the major LFRs in the area, are required to pay the deemed value charges out of their earnings.
- In JDO7, one company was invoiced for 53.5% (\$16,899) of the total \$31,576 deemed value payments for the 2005/2006 fishing year. This would suggest that differential deemed values may be an appropriate tool to use in this fishery.

¹⁵ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

- A significant increase in the port price (\$6.07) of JDO7 has pushed it well above the annual deemed value rate (\$3.17) meaning that it may now be profitable for fishers to fish using deemed values rather than ACE. This suggests that the annual rate should also be adjusted.
- JDO2 has been reviewed to ensure there is no incentive for fishers to truck fish from JDO7 to JDO2.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: North Island Eels (LFE20, LFE21, LFE22, LFE23, SFE20, SFE21, SFE22 & SFE23)

The North Island eel was introduced into the QMS on 1 October 2004 as fishstocks SFE 20 – 23 and LFE 20 – 23.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
LFE20	4.00	8.00
LFE21	4.00	8.00
LFE22	4.00	8.00
LFE23	4.00	8.00
SFE20	4.00	8.00
SFE21	4.00	8.00
SFE22	4.00	8.00
SFE23	4.00	8.00

Differential deemed values apply.

Key bycatch stocks: N/A

B. Reason for Review:

The North Island eel fishery is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of the North Island eel fishery against the review criteria is detailed below:

LFE20:

Criteria	LFE20
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$2,755 were issued when 53% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

LFE21:

Criteria	LFE21
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

LFE22:

Criteria	LFE22
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$32 were issued when 27% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

LFE23:

Criteria	LFE23
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SFE20:

Criteria	SFE20
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$491 were issued when 42% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SFE21:

Criteria	SFE21
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SFE22:

Criteria	SFE22
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$8 were issued when 6% of ACE was unused at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SFE23:

Criteria	SFE23
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

C. Assessment of the fishery:**C.1 Assessment and analysis of information sources:**

Information source	LFE20		LFE21		LFE22	
	Port price 06/07	LFE20	\$3.88	LFE21	\$3.88	LFE22
Port price 07/08	LFE20	\$3.88	LFE21	\$3.88	LFE22	\$3.88
ACE trading price (most recent fishing year)	LFE20	No valid trades	LFE21	\$1.0128/kg	LFE22	\$1.0000/kg
Export price data*	EEL**	\$8.37	EEL**	\$8.37	EEL**	\$8.37
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices***	LFE20	\$2,755	LFE21	\$0	LFE22	\$32
Cost recovery levies	LFE20	\$0.1858/kg	LFE21	\$0.1858/kg	LFE22	\$0.1858/kg

Information source	LFE23		SFE20		SFE21	
Port price 06/07	LFE23	\$3.88	SFE20	\$3.87	SFE21	\$3.87
Port price 07/08	LFE23	\$3.88	SFE20	\$3.87	SFE21	\$3.87
ACE trading price (most recent fishing year)	LFE23	\$0.9085/kg	SFE20	No valid trades	SFE21	No valid trades
Export price data*	EEL**	\$8.37	EEL**	\$8.37	EEL**	\$8.37
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	LFE23	\$0	SFE20	\$491	SFE21	\$0
Cost recovery levies	LFE23	\$0.1858/kg	SFE20	\$0.1853/kg	SFE21	\$0.1853/kg

Information source	SFE22		SFE23	
Port price 06/07	SFE22	\$3.87	SFE23	\$3.87
Port price 07/08	SFE22	\$3.87	SFE23	\$3.87
ACE trading price (most recent fishing year)	SFE22	No valid trades	SFE23	\$1.0909/kg
Export price data*	EEL**	\$8.37	EEL**	\$8.37
Bycatch: ratios	Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable	
Previous deemed value invoices***	SFE22	\$8	SFE23	\$0
Cost recovery levies	SFE22	\$0.1853/kg	SFE23	\$0.1853/kg

* Export price data for year ending December 2006

** Export data is for Eels (Longfin Eels and Shortfin Eels)

*** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The North Island eel fishery was introduced in to the QMS on 1 October 2004. At the time it was introduced into the QMS there were concerns about the state of the fishery. The Minister

decided to set the TACs for all eel FMAs at such a level so that the size structure and abundance of eels would likely improve over the medium term (10 years).

- New scientific information and advice has suggested that the current level of exploitation is unsustainable and the size structure and abundance of eels has not improved.
- The proposed TACC adjustment (if the Minister agrees) is to decrease the TAC/TACC for all North Island LFE fisheries and possibly decrease the TAC/TACC for all North Island SFE fisheries too.
- These are the main drivers for considering if a deemed value review is appropriate. If the TACC is reduced then a deemed value adjustment is likely necessary so that the new TACC is protected.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: OEO1

Black and smooth oreo occurs from 600 to 1300 m depth. The geographical distribution south of about 45° S is not well known. It is a southern species and is abundant on the south Chatham Rise, along the east coast of the South Island, the north and east slope of Pukaki Rise, the Bounty Platform, the Snares slope, Puysegur Bank and the northern end of the Macquarie Ridge. They probably occur right round the slope of the Campbell Plateau.

A. Overview:

Current deemed value rates:

Interim: \$0.39/kg

Annual: \$0.78/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Reason for Review:

OEO1 is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of OEO1 against the review criteria is detailed below:

Criteria	OEO1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$22 were issued at the end of the 2005/2006 fishing season when 85% of ACE remained unused
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

OEO1 fulfils criteria b) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species¹⁶

OEO1 is a target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

C.2 Assessment and analysis of information sources:

Information source	Black and Smooth Oreo	
	Port price 06/07	OEO1
Port price 07/08	OEO1	\$0.80

¹⁶ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

ACE trading price (most recent fishing year)	OEO1	0.2091/kg
Export price data*	OEO	\$3.57
Bycatch: ratios	Not Applicable	
Bycatch: shadow values	Not Applicable	
Previous deemed value invoices**	OEO1	\$22
Cost recovery levies	OEO1	\$0.0308/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- There has been minimal deemed value payments and fishing has been covered by ACE for most fishing years.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: ORH1, ORH3B, & ORH7B

The ORH1 region extends northwards from west of Wellington around to Cape Runaway. Prior to 1993–94 there was no established fishery, and reported landings were generally small. A new fishery developed in winter 1994, when aggregations were fished on two hill complexes in the western Bay of Plenty. Orange roughy are found in waters deeper than 750 m throughout ORH3B. Historically, the main fishery has been concentrated on the Chatham Rise. The ORH7B fishery centres on an area near the Cook Canyon in fishery statistical areas 033, 034 and 705. Most of the catch is taken in winter, when the fish form aggregations for spawning.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
ORH1	1.49	2.97
ORH3B	2.00	4.00
ORH7B	1.60	3.20

Differential deemed values apply.

Key bycatch stocks: N/A

B. Reason for Review:

ORH1, ORH3B and ORH7B are being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of these stocks against the review criteria is detailed below:

ORH1:

Criteria	ORH1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – the port price for ORH1 has decreased from \$3.67 to \$2.99 (a decrease of \$0.68)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

ORH1 fulfils criteria c) and e) above and therefore is considered appropriate for a review.

ORH3B:

Criteria	ORH3B
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – the port price for ORH3B has decreased from \$3.67 to \$2.99 (a decrease of \$0.68)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

ORH3B fulfils criteria c) and e) above and therefore is considered appropriate for a review.

ORH7B:

Criteria	ORH7B
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	Yes – the port price for ORH7B has decreased from \$3.35 to \$2.99 (a decrease of \$0.36)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

ORH7B fulfils criteria c) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:**C.1 Relationship with associated species¹⁷**

ORH1, ORH3B & ORH7B are target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

C.1 Assessment and analysis of information sources:

Information source	ORH1		ORH3B		ORH7B	
Port price 06/07	ORH1	\$3.67	ORH3B	\$3.67	ORH7B	\$3.35
Port price 07/08	ORH1	\$2.99	ORH3B	\$2.99	ORH7B	\$2.99
ACE trading price (most recent fishing year)	ORH1	\$0.6835/kg	ORH3B	\$1.5759/kg	ORH7B	\$0.8577/kg
Export price data*	ORH	\$12.48	ORH	\$12.48	ORH	\$12.48
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	ORH1	\$0	ORH3B	\$0	ORH7B	\$0
Cost recovery levies	ORH1	\$0.1047/kg	ORH3B	\$0.1130/kg	ORH7B	\$0.3961/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

¹⁷ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Key points:

- These ORH stocks have been reviewed as they are high value stocks.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: OYS7C

The dredge oyster *Tiostrea chilensis* is widespread throughout New Zealand and is the target of commercial fisheries in Foveaux Strait and (in the past) the Nelson/Marlborough (Challenger) fishery area. Dredge oysters are landed as a bycatch of the Chatham Islands scallop fishery.

A. Overview:

Current deemed value rates:

Interim: \$4.00/kg

Annual: \$8.00/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Reason for Review:

OYS7C is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of OYS7C against the review criteria is detailed below:

Criteria	OYS7C
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$8 were issued at the end of the 2005/2006 fishing season when 66% of ACE remained unused
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes - In the 2005/2006 fishing year the TACC was increased by 2 tonnes
f) Stock has recently entered the QMS	No

OYS7C fulfils criteria b) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species¹⁸

OYS7C is a target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

C.2 Assessment and analysis of information sources:

Information source	Dredge Oysters	
Port price 06/07	OYS7C	\$4.00
Port price 07/08	OYS7C	\$4.00

¹⁸ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

ACE trading price (most recent fishing year)	OYS7C	No valid trades
Export price data*	OYS	\$7.20
Bycatch: ratios	Not Applicable	
Bycatch: shadow values	Not Applicable	
Previous deemed value invoices**	OYS7C	\$8
Cost recovery levies	OYS7C	\$0.00/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- This is a high value stock and deemed values rates have been set at 200% of the port price.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SCH1

School shark are widely distributed across the shelf, generally being inshore in summer and offshore in winter. They extend in smaller numbers near the seafloor down the upper continental slope, to at least 600 m. The capture of school sharks by tuna longliners shows that their distribution extends well offshore, up to 180 nm off the South Island, and 400 nm off northern New Zealand towards the Kermadec Islands.

A. Overview:

Current deemed value rates:

Interim: \$0.81/kg

Annual: \$1.61/kg

Differential deemed values apply.

Key target stocks: Gurnard, Hapuka/Bass, Rigi, Snapper & Tarakihi.

B. Reason for Review:

SCH1 is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of SCH1 against the review criteria is detailed below:

Criteria	SCH1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$9,735 were issued at the end of the 2005/2006 fishing season when 8% of ACE remained unused
c) Changes to the port price of the stock	Yes – the port price for SCH1 has increased from \$1.77 to \$1.89 (a increase of \$0.12)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Relationship with associated species¹⁹

SCH1 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in SCH1 on other SCH stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	School Shark	
	Port price 06/07	SCH1
Port price 07/08	SCH1	\$1.89
ACE trading price (most recent fishing year)	SCH1	\$1.0633/kg

¹⁹ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Export price data*	SCH	\$8.84
Bycatch: ratios	SCH	
Bycatch: shadow values	SCH	
Previous deemed value invoices**	SCH1	\$9,735
Cost recovery levies	SCH1	\$0.065/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- On the face of it, increasing the TACC for SCH1 is unlikely to result in any need to review the deemed value rate for SCH1. However this stock has experienced overfishing in recent years and if the TACC increase is still lower than previous overfished levels then a deemed value adjustment is probably necessary to defend the TACC.
- The impact of a TACC increase on the interactions between SCH1 and the target species is also worth considering. If the TACC increase is simply going to enable fishers to catch their target species without having to deem their SCH1 catch then there is little for concern. However if the TACC is increased, it might result in increased targeting for SCH1 and impacts on associated stocks will need to be considered.
- Catches have consistently been above TACC since the 1994/1995 fishing year (the exception is the 2005/2006 fishing year where landing were lower due to a reduction in SNA8 TACC).
- The recent increase in port price (\$1.89) has moved it above the deemed value for SCH1
- Deemed value payments for the 2005/2006 fishing year where \$9,735. This figure is well below the previous 4 years deemed value payments (average payment over the past 4 fishing years was \$123,617). The reduction in the TACC in SNA8 may have resulted in this lower figure.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SKI2

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

A. Overview:

Current deemed value rates:

Interim: \$0.75/kg

Annual: \$1.50/kg

Differential deemed values apply.

Key bycatch stocks: Bluenose

B. Criteria for determining if a review is appropriate:

Criteria	SKI2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$8,795 were issued at the end of the 2005/2006 fishing season when 25% of ACE remained unused
c) Changes to the port price of the stock	Yes – the port price for SKI2 has decreased from \$3.14 to \$1.54 (a decrease of \$1.60)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

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

C. Assessment of the fishery:

C.1 Relationship with associated species²⁰

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

BNS2:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
BNS2	1.09	2.18

Differential deemed values apply.

Criteria	BNS2
a) Catch in excess of ACE	Yes – 106% during previous fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$196,539 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$3.57 to \$3.74 (an increase of \$0.17)
d) Request from quota owners	No

²⁰ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes - In the 2004/2005 fishing year the TACC was increased by 175 tonnes
f) Stock has recently entered the QMS	No

BNS2 is being reviewed in its own deemed value review.

C.2 Assessment and analysis of information sources:

Information source	Gemfish		Bluenose	
	Port price 06/07	SKI2	\$3.14	BNS2
Port price 07/08	SKI2	\$1.54	BNS2	\$3.74
ACE trading price (most recent fishing year)	SKI2	\$0.6066/kg	BNS2	\$1.8191/kg
Export price data*	SKI	\$5.69	BNS	\$8.94
Bycatch: ratios	Not applicable		BNS	
Bycatch: shadow values	Not applicable		BNS	
Previous deemed value invoices**	SKI2	\$8,795	BNS2	\$196,539
Cost recovery levies	SKI2	\$0.1254/kg	BNS2	\$0.1001/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- SKI2 is both a target fishery and a bycatch of the TAR2 trawl fishery. Although not over fished in 2005-06, SKI2 has been over fished in four of the last five fishing seasons. Over catch has ranged from 8% to 30%.
- In the current fishing year, the SKI2 ACE has already been fished and over fishing is likely as a significant portion (approximately 50%) of the TAR2 TACC is still to be taken. Therefore SKI2 is being reviewed to assess if the current deemed value rates adequately protect the TACC.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SNA1, SNA2, SNA7 & SNA8

The snapper fishery is one of the largest and most valuable coastal fisheries in New Zealand. Snapper are demersal fish found down to depths of about 200 m, but are most abundant in 15–60 m. 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, being most abundant in the Hauraki Gulf. The snapper fishery is also an important recreational fishery.

A. Overview:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SNA1	6.50	13.00
SNA2	1.50	3.00
SNA7	1.01	2.01
SNA8	1.30	4.25

Differential deemed values apply.

Key bycatch stocks: Gurnard & Tarakihi

B. Criteria for determining if a review is appropriate:

SNA1:

Criteria	SNA1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices of \$326,825 were issued at the end of the 2005/2006 fishing season but only 1% of ACE remained unused (within the 10% carry forward limit)
c) Changes to the port price of the stock	Yes – port price has increased from \$4.98 to \$5.14 (an increase of \$0.16)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SNA1 fulfils criteria b) and c) above and therefore is considered appropriate for a review.

SNA2:

Criteria	SNA2
a) Catch in excess of ACE	Yes – 122% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$238,268 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.67 to \$4.98 (an increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SNA2 fulfils criteria a), b) and c) above and therefore is considered appropriate for a review.

SNA7:

Criteria	SNA7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$290 when 23% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.67 to \$4.98 (an increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

SNA7 fulfils criteria b) and c) above and therefore is considered appropriate for a review.

SNA8:

Criteria	SNA8
a) Catch in excess of ACE	Yes – 110% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$617,540 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.67 to \$4.98 (an increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – The TACC for SNA8 was reduced by 200 tonnes before the 2005/2006 fishing year
f) Stock has recently entered the QMS	No

SNA8 fulfils criteria a), b), c) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:***C.1 Relationship with associated species²¹***

SNA1, SNA2 & SNA8 are target fisheries and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

Gurnard:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
GUR1	0.62	1.24
GUR2	0.62	1.24
GUR7	0.43	0.85
GUR8	0.57	1.13

Differential deemed value rates apply

²¹ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

Criteria	GUR1, GUR2, GUR7 & GUR8
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	GUR1: Negligible GUR2: Negligible GUR7: Negligible GUR8: Negligible
c) Changes to the port price of the stock	Yes – the port price for GUR1 has increased from \$1.62 to \$1.86 (an increase of \$0.24), the port price for GUR2 has increase from \$1.62 to \$1.86 (an increase of \$0.24), port price for GUR7 has increased from \$1.62 to \$1.86 (an increase of \$0.24) & the port price for GUR8 has increased from \$1.62 to \$1.90 (an increase of \$0.28)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Tarakihi:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
TAR1	1.05	2.09
TAR2	0.79	1.58
TAR7	0.42	0.83
TAR8	0.72	1.43

Differential deemed value rates apply

Criteria	TAR1, TAR2, TAR7 & TAR8
a) Catch in excess of ACE	Yes – TAR2 (101%) and TAR8 (115%) of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	TAR1: \$80,287 TAR2: \$142,207 TAR7: \$2,999 TAR8: \$59,007
c) Changes to the port price of the stock	Yes – the port price for TAR1 has decreased from \$2.00 to \$1.84 (a decrease of \$0.16), the port price for TAR2 has decreased from \$2.26 to \$1.84 (a decrease of \$0.42), port price for TAR7 has increased from \$1.53 to \$1.84 (an increase of \$0.31) & the port price for TAR8 has decreased from \$2.42 to \$1.84 (a decrease of \$0.58)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC of TAR1 for the 2007/2008 fishing year. The TACC or TAR2 was increased by 163 tonnes for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rates GUR1 and GUR2 are potentially candidates for a review but the number are insufficient to warrant one. GUR7, GUR8, TAR1, TAR2, TAR7 & TAR8 are being reviewed in their own deemed value review.

C.1 Assessment and analysis of information sources:

Information source	SNA1		SNA2		SNA7	
Port price 06/07	SNA1	\$4.98	SNA2	\$4.67	SNA7	\$4.67
Port price 07/08	SNA1	\$5.14	SNA2	\$4.98	SNA7	\$4.98
ACE trading price (most recent fishing year)	SNA1	\$3.9557/kg	SNA2	\$2.3534/kg	SNA7	\$1.0450/kg
Export price data*	SNA	\$7.04	SNA	\$7.04	SNA	\$7.04
Bycatch: ratios	Not applicable		Not applicable		Not applicable	
Bycatch: shadow values	Not applicable		Not applicable		Not applicable	
Previous deemed value invoices**	SNA1	\$326,825	SNA2	\$238,268	SNA7	\$290
Cost recovery levies	SNA1	\$0.134/kg	SNA2	\$0.0972/kg	SNA7	\$0.4533/kg

Information source	SNA8		Gurnard		Tarakihi	
Port price 06/07	SNA8	\$4.67	GUR1	\$1.62	TAR1	\$2.00
			GUR2	\$1.62	TAR2	\$2.26
			GUR7	\$1.62	TAR7	\$1.53
			GUR8	\$1.62	TAR8	\$2.42
Port price 07/08	SNA8	\$4.98	GUR1	\$1.86	TAR1	\$1.84
			GUR2	\$1.86	TAR2	\$1.84
			GUR7	\$1.86	TAR7	\$1.84
			GUR8	\$1.90	TAR8	\$1.84
ACE trading price (most recent fishing year)	SNA8	\$2.7102/kg	GUR1	\$0.4708/kg	TAR1	\$1.0363/kg
			GUR2	\$0.5803/kg	TAR2	\$1.0230/kg
			GUR7	\$0.4086/kg	TAR7	\$0.4884/kg
			GUR8	\$0.3892/kg	TAR8	\$0.8734/kg
Export price data*	SNA	\$7.04	GUR	\$7.69	TAR	\$5.61
Bycatch: ratios	Not applicable		GUR		TAR	
Bycatch: shadow values	Not applicable		GUR		TAR	
Previous deemed value invoices**	SNA8	\$617,540	GUR1	\$5,166	TAR1	\$80,287
			GUR2	\$1,085	TAR2	\$142,207
			GUR7	\$821	TAR7	\$2,999
			GUR8	\$891	TAR8	\$59,007
Cost recovery levies	SNA8	\$0.1665/kg	GUR1	\$0.0499/kg	TAR1	\$0.0547/kg
			GUR2	\$0.0324/kg	TAR2	\$0.0451/kg
			GUR7	\$0.1328/kg	TAR7	\$0.1644/kg
			GUR8	\$0.0374/kg	TAR8	\$0.0557/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The deemed value for SNA8 was reviewed before the 2005/2006 fishing year and was doubled to \$4.25. This coincided with a reduction in the TACC and was part of a rebuild strategy implemented by the Minister. However, the TACC was still over caught in the 2005/2006 fishing year and \$617,540 worth of deemed values were paid.
- An assessment of port prices for SNA and the associated species indicates that they are above the annual deemed value rates. This means it may now be profitable for fishers catch these species and pay the deemed values. An increase in the annual deemed value rate may address this issue.
 - The port price for SNA1 has increased from \$4.98 to \$5.14. This would suggest that it is likely to be profitable for fishers to continue catching SNA1 in excess of ACE and to pay the deemed value charge – an increase to the annual deemed value rate may address this issue.
 - An increase in the SNA8 port price (\$4.98) means it is now higher than the annual deemed value rate (\$4.25).
 - Both the gurnard and tarakihi port prices are above the annual deemed value rate for the three associated gurnard and tarakihi stocks.
- An analysis of deemed value payments from the most recent fishing seasons suggest that a handful of companies are responsible for the bulk of the deemed value payments in the SNA and TAR fisheries. This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
 - In SNA1, one company was invoiced for 99.6% (\$325,697) of the total \$326,825 deemed value bill for the 2005/2006 fishing year. However, this company has now gone into receivership.
 - In SNA2, six companies were invoiced 86% of the total \$238,268 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$72,255 (30% of the total deemed value invoices).
 - In SNA8, five companies were invoiced 66.67% of the total \$617,540 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$119,758 (19% of the total deemed value invoices).
 - In TAR1, one company was invoiced for 53% (\$42,475) out of the total \$80,287 in deemed value payments for the 2005/2006 fishing year. This company has now gone into receivership. The next largest deemed value invoice was for \$10,398.
 - In TAR2, five companies were invoiced 87.5% of the total \$142,207 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$55,377 (39% of the total deemed value invoices).
 - In TAR8, three companies were invoiced 65% of the total \$59,007 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$14,181 (24% of the total deemed value invoices).

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SPD3

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. Most of the spiny dogfish caught by the deepwater fleet are taken as a bycatch in the jack mackerel, barracouta, hoki, red cod, and arrow squid fisheries. Spiny dogfish are also taken as bycatch by inshore trawlers, set netters and longliners targeting flatfish, snapper, tarakihi and gurnard.

A. Overview:

Current deemed value rates:

Interim: \$0.03/kg

Annual: \$0.05/kg

Differential deemed values do not apply.

Key target stocks: Flatfish, Gurnard, Snapper, Tarakihi, Red Cod, Barracouta, Arrow Squid & Jack Mackerel.

B. Criteria for determining if a review is appropriate:

Criteria	SPD3
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for SPD3 of \$2,726 while 26% of ACE remained unused were issued at the end of the 2005/2006 fishing. 1.14% of the TACC was caught and deemed.
c) Changes to the port price of the stock	Yes - the port price for SPD3 has decreased from \$0.53 to \$0.51 (a decrease of \$0.02)
d) Request from quota owners	Yes
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

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

C. Assessment of the fishery:

C.1 Relationship with associated stocks²²

SPD3 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in SPD3 on other SPD stocks will need to be monitored.

SPD1:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD1	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$2,034 when 46% of ACE remained unused were issued at the end of

²² See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

	the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes - the port price for SPD1 has increased from \$0.47 to \$0.50 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SPD4:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD4	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD4
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$5,568 when 40% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes - the port price for SPD4 has increased from \$0.47 to \$0.50 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SPD5:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD5	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD5
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$308 when 43% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes - the port price for SPD5 has increased from \$0.47 to \$0.50 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SPD7:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD7	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,600 when 59% of ACE remained unused were issued at the end of

	the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes - the port price for SPD1 has increased from \$0.47 to \$0.52 (an increase of \$0.05)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SPD8:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD8	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD8
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$273 when 67% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes - the port price for SPD1 has increased from \$0.47 to \$0.50 (an increase of \$0.03)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

SPD10:

Current deemed value rates:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD10	0.03	0.05

Differential deemed values do not apply.

Criteria	SPD10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	No
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

Following this assessment it is apparent that SPD1, SPD4, SPD5, SPD7, SPD8 & SPD10 are potentially candidates for a review.

C.2 Assessment and analysis of information sources:

Information source	SPD3		SPD1		SPD4	
Port price 06/07	SPD3	\$0.53	SPD1	\$0.47	SPD4	\$0.47
Port price 07/08	SPD3	\$0.51	SPD1	\$0.50	SPD4	\$0.50

ACE trading price (most recent fishing year)	SPD3	\$0.0338/kg	SPD1	\$0.0321/kg	SPD4	\$0.0233/kg
Export price data*	SPD	\$1.39	SPD	\$1.39	SPD	\$1.39
Bycatch: ratios	SPD		SPD		SPD	
Bycatch: shadow values	SPD		SPD		SPD	
Previous deemed value invoices**	SPD3	\$2,726	SPD1	\$2,034	SPD4	\$5,568
Cost recovery levies	SPD3	\$0.0292/kg	SPD1	\$0.0121/kg	SPD4	\$0.0089/kg

Information source	SPD5		SPD7		SPD8	
Port price 06/07	SPD5	\$0.47	SPD7	\$0.47	SPD8	\$0.47
Port price 07/08	SPD5	\$0.50	SPD7	\$0.52	SPD8	\$0.50
ACE trading price (most recent fishing year)	SPD5	\$0.0300/kg	SPD7	\$0.0386/kg	SPD8	\$0.0246/kg
Export price data*	SPD	\$1.39	SPD	\$1.39	SPD	\$1.39
Bycatch: ratios	SPD		SPD		SPD	
Bycatch: shadow values	SPD		SPD		SPD	
Previous deemed value invoices**	SPD5	\$308	SPD7	\$1,600	SPD8	\$273
Cost recovery levies	SPD5	\$0.0138/kg	SPD7	\$0.0373/kg	SPD8	\$0.0092/kg

Information source	SPD10	
Port price 06/07	SPD10	\$0
Port price 07/08	SPD10	\$0
ACE trading price (most recent fishing year)	SPD10	No valid trades
Export price data*	SPD	\$1.39
Bycatch: ratios	SPD	
Bycatch: shadow values	SPD	

Previous deemed value invoices**	SPD10	\$0
Cost recovery levies	SPD10	N/A

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- In SPD3, the amount of the deemed values being paid is small (\$2,726) but when figuring in the low annual deemed value (\$0.05) further analysis shows that deemed values were paid for 54.5 tonnes (54,520kg) of SPD3 in the 2005/2006 fishing year. This is 1.14% of the TACC (4,794 tonnes) for SPD3.
- The issue with SPD3 is one of utilisation – quota owners are concerned that the low deemed values are undermining their property right. This problem seems to have arisen because of the difficulties encountered in setting the deemed value rates at the time spiny dog fish entered the QMS in 2004. This is the key driver for considering if a deemed value review is appropriate. The low deemed value means that the ACE price has been driven down to a level where it is currently similar to the cost recovery levies charged to SPD3 quota holders. Quota holders argue this is eroding the value of their quota and provides no incentive to fishers to acquire ACE to cover catch.
- When SPD was introduced into the QMS (it was also included on the 6th schedule which permits fishers to return the species to the sea provided certain conditions – in the case of SPD the condition is that fishers still are required to record what has been returned to the sea and this had to be covered by ACE (or if no ACE was held through deemed values).
- Around 50% of SPD caught is landed (mostly by the inshore fishers). Most of the non-landing occurs in the deepwater fleet where storing SPD caught takes up freezer space where higher value species could be stored so it is returned to the water (although some fins are taken).

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SPO2

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

A. Overview:

Current deemed value rates:

Interim: \$1.13/kg

Annual: \$2.25/kg

Differential deemed values do not apply.

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

B. Criteria for determining if a review is appropriate:

Criteria	SPO2
a) Catch in excess of ACE	Yes – SPO2 was over caught by 126% during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for SPO2 of \$59,362 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – the port price for SPO2 has decreased from \$3.19 to \$2.82 (a decrease of \$0.37)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

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

C. Assessment of the fishery:

C.1 Relationship with associated species²³

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

C.2 Assessment and analysis of information sources:

Information source	Rig	
Port price 06/07	SPO2	\$3.19
Port price 07/08	SPO2	\$2.82
ACE trading price (most recent fishing year)	SPO2	\$1.1386/kg

²³ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Export price data*	SPO	\$11.08
Bycatch: ratios	SPO	
Bycatch: shadow values	SPO	
Previous deemed value invoices**	SPO2	\$59,362
Cost recovery levies	SPO2	\$0.0821/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- At the end of the 2005-06 fishing season, deemed values were paid on 26.4 tonnes of SPO2. This equates to 31% of the TACC.
- Two companies were invoiced 78.6% (\$46,672) of the total \$59,632 deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$27,959 (47% of the total deemed value invoices). This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- Despite a decrease in the port price (\$2.82) of SPO2 it is still well above the annual deemed value rate (\$2.25). This means it probably profitable for fishers to catch SPO2 and pay the deemed values rather than balancing with ACE. An increase in the annual deemed value rate may address this issue.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SQU1T

The New Zealand arrow squid fishery is based on two related species. *Nototodarus gouldi* is found around mainland New Zealand north of the Subtropical Convergence, whereas *N. sloanii* is found in and to the south of the convergence zone. In the SQU1T fishery, catch has been taken from the Snares shelf on the south coast of the South Island right through to the Mernoo Bank (east coast), but statistical area 28 (Snares shelf and Snares Island region) has accounted for over 77% of the total in recent years. Based on observer data, squid accounts for 67% of the total catch in the target trawl fishery, with bycatch principally of barracouta, jack mackerel, silver warehou and spiny dogfish.

A. Overview:

Current deemed value rates:

Interim: \$0.44/kg

Annual: \$0.88/kg

Differential deemed values apply.

Key bycatch stocks: Barracouta, Jack Mackerel, Silver Warehou and Spiny Dogfish

B. Reason for Review:

SQU1T is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of SQU1T against the review criteria is detailed below:

Criteria	SQU1T
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$1,234 were issued at the end of the 2005/2006 fishing season when 9% of ACE remained unused
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – changes have been made during the fishing year in the past 3 fishing years
f) Stock has recently entered the QMS	No

SQU1T fulfils criteria b) and e) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 relationship with associated species²⁴

SQU1T is a target fishery and therefore a full review of associated species is required particularly if it is likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

Barracouta:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
BAR1	0.10	0.19
BAR4	0.10	0.19
BAR7	0.10	0.19
BAR10	0.10	0.19

²⁴ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'

Differential deemed value rates apply

Criteria	BAR1, BAR4, BAR7 & BAR10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	BAR1: Negligible BAR4: Not applicable BAR7: Negligible BAR10: Not applicable
c) Changes to the port price of the stock	Yes – port price for BAR1 has increased from \$0.18 to \$0.24 (an increase of \$0.06), the port price for BAR4 has increased from \$0.19 to \$0.25 (an increase of \$0.06) and the port price for BAR7 has increased from \$0.19 to \$0.25 (an increase of \$0.06)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Jack Mackerel:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
JMA1	0.08	0.15
JMA3	0.08	0.15
JMA7	0.08	0.09
JMA10	0.08	0.15

Differential deemed value rates apply

Criteria	JMA1, JMA3, JMA7 & JMA10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	JMA1: Negligible JMA4: Negligible JMA7: Negligible JMA10: Not applicable
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Silver Warehou:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SWA1	0.44	0.87
SWA3	0.44	0.97*
SWA4	0.49	0.98*
SWA10	0.44	0.88

*Differential deemed value rates do not apply

Criteria	SWA1, SWA3, SWA4 & SWA10
a) Catch in excess of ACE	Yes – SWA3 (137%) and SWA4 (134%) were both over caught during the 2005/2006 fishing year
b) Deemed value payments in previous years	SWA1: Negligible SWA3: \$1,322,516 SWA4: \$1,539,977

	SWA10: Not applicable
c) Changes to the port price of the stock	No
d) Request from quota owners	Yes – In SWA3 & SWA4
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Spiny Dogfish:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SPD1	0.03	0.05
SPD3	0.03	0.05
SPD4	0.03	0.05
SPD7	0.03	0.05
SPD8	0.03	0.05
SPD10	0.03	0.05

Differential deemed value rates do not apply

Criteria	SPD1, SPD3, SPD4, SPD7, SPD8 & SPD10
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	SPD1: Negligible SPD3: Negligible SPD4: Negligible SPD7: Negligible SPD8: Negligible SPD10: Not applicable
c) Changes to the port price of the stock	Yes – port price for SPD1 has increased from \$0.47 to \$0.50 (an increase of \$0.03), the port price for SPD3 has decreased from \$0.53 to \$0.51 (a decrease of \$0.02), the port price for SPD4 has increased from \$0.47 to \$0.50 (an increase of \$0.03), the port price for SPD7 has increased from \$0.47 to \$0.52 (an increase of \$0.05) and the port price for SPD8 has increased from \$0.47 to \$0.50 (an increase of \$0.03)
d) Request from quota owners	Yes – In SPD3
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

Following this assessment it is apparent that BAR1, BAR4, BAR7, BAR10, JMA1, JMA3, JMA7, JMA10, SWA1, SWA10, SPD1 SPD4, SPD7, SPD8 & SPD10 are potentially candidates for a review but the numbers are insufficient to warrant a review. SWA3, SWA4 & SPD3 are being reviewed in their own deemed value review.

C.2 Assessment and analysis of information sources:

Information source	Squid		Barracouta		Jack Mackerel	
Port price 06/07	SQU1T	\$0.77	BAR1	\$0.18	JMA1	\$0.16
			BAR4	\$0.19	JMA3	\$0.17
			BAR7	\$0.19	JMA7	\$0.16
			BAR10	N/A	JMA10	N/A
Port price 07/08	SQU1T	\$0.77	BAR1	\$0.24	JMA1	\$0.16
			BAR4	\$0.25	JMA3	\$0.17

			BAR7	\$0.25	JMA7	\$0.16
			BAR10	N/A	JMA10	N/A
ACE trading price (most recent fishing year)	SQU1T	\$0.1851/kg	BAR1	\$0.0604/kg	JMA1	\$0.0245/kg
			BAR4	\$0.0537/kg	JMA3	\$0.0275/kg
			BAR7	\$0.1074/kg	JMA7	\$0.0588/kg
			BAR10	No valid trades	JMA10	No valid trades
Export price data*	SQU	\$2.08	BAR	\$1.17	JMA	\$1.32
Bycatch ratios:	SQU		BAR		JMA	
Bycatch: shadow values	Not applicable		BAR		JMA	
Previous deemed value invoices**	SQU1T	\$1,234	BAR1	\$1,302	JMA1	\$349
			BAR4	\$0	JMA3	\$1
			BAR7	\$3,237	JMA7	\$639
			BAR10	\$0	JMA10	\$0
Cost recovery levies	SQU1T	\$0.0215/kg	BAR1	\$0.0044/kg	JMA1	\$0.0127/kg
			BAR4	\$0.0041/kg	JMA3	\$0.0139/kg
			BAR7	\$0.0046/kg	JMA7	\$0.0133/kg
			BAR10	N/A	JMA10	N/A

Information source	Silver Warehou		Spiny Dogfish	
Port price 06/07	SWA1	\$0.79	SPD1	\$0.47
	SWA3	\$0.77	SPD3	\$0.53
	SWA4	\$0.80	SPD4	\$0.47
	SWA10	N/A	SPD7	\$0.47
			SPD8	\$0.47
			SPD10	N/A
Port price 07/08	SWA1	\$0.79	SPD1	\$0.50
	SWA3	\$0.77	SPD3	\$0.51
	SWA4	\$0.80	SPD4	\$0.50
	SWA10	N/A	SPD7	\$0.52
			SPD8	\$0.50
			SPD10	N/A
ACE trading price (most recent fishing year)	SWA1	\$0.6016/kg	SPD1	\$0.0321/kg
	SWA3	\$0.7190/kg	SPD3	\$0.0338/kg
	SWA4	\$0.7078/kg	SPD4	\$0.0233/kg
	SWA10	No valid trades	SPD7	\$0.0386/kg
			SPD8	\$0.0246/kg
			SPD10	No valid trades
Export price data*	SWA	\$3.24	SPD	\$1.39
Bycatch ratios:	SWA		SPD	
Bycatch: shadow values	SWA		SPD	
Previous deemed value invoices**	SWA1	\$336	SPD1	\$2,034
	SWA3	\$1,322,516	SPD3	\$2,726
	SWA4	\$1,539,977	SPD4	\$5,568
	SWA10	\$0	SPD7	\$1,599
			SPD8	\$273
			SPD10	\$0

Cost recovery levies	SWA1	\$0.0166/kg	SPD1	\$0.0121/kg
	SWA3	\$0.0165/kg	SPD3	\$0.0292/kg
	SWA4	\$0.0172/kg	SPD4	\$0.0089/kg
	SWA10	N/A	SPD7	\$0.0373/kg
			SPD8	\$0.0092/kg
		SPD10	N/A	

* Export price data for year ending September 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The current SQU1T annual deemed value rate is set above the average ACE trading price.
- Port price is lower than the current annual deemed value rate but the average export price from 2006 is well above the deemed value rate suggesting that there is still a profit to be realised from fishing and covering catch through deemed value payments rather than ACE.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SWA3 & SWA4

Silver warehou are common around the South Island and on the Chatham Rise in depths of 200 – 800 m. The majority of the commercial catch is taken from the Chatham Rise, Canterbury Bight, southeast of Stewart Island and the west coast of the South Island. In recent years, most of the silver warehou catch has been taken as a by-catch of the hoki, squid, barracouta and jack mackerel trawl fisheries.

A. Overview:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SWA3	0.49	0.97
SWA4	0.49	0.98

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	SWA3 & SWA4
a) Catch in excess of ACE	Yes – SWA3 (137%) and SWA4 (134%) were both over caught during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for SWA3 (\$1,322,516) and SWA4 (\$1,539,977) were issued at the end of the 2005-06 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	Yes – Request from Eric Barratt (Sanford)
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Silver warehou fulfils criteria a), b), and d) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species²⁵

SWA3 and SWA4 are predominantly bycatch fisheries and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in SWA3 and SWA4 on other SWA stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	Silver Warehou	
Port price 06/07	SWA3	\$0.77
	SWA4	\$0.80
Port price 07/08	SWA3	\$0.77
	SWA4	\$0.80
ACE trading price (most recent fishing year)	SWA3	\$0.7190/kg
	SWA4	\$0.7078/kg

²⁵ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Export price data*	SWA	\$3.24
Bycatch: ratios	SWA	
Bycatch: shadow values	SWA	
Previous deemed value invoices**	SWA3	\$1,322,516
	SWA4	\$1,539,977
Cost recovery levies	SWA3	\$0.0165/kg
	SWA4	\$0.0172/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- In SWA3, five companies were invoiced 77.5% of the total \$1,322,516 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$382,635 (29% of the total deemed value invoices).
- In SWA4, four companies were invoiced 85% of the total \$1,539,977 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$767,899 (49.8% of the total deemed value invoices).
- This would suggest that applying differential deemed values may be the most appropriate tool in these fisheries.
- The port price in both SWA3 (\$0.77) & SWA4 (\$0.80) are below the annual deemed value rate (\$0.97 & \$0.98).
- The export price for SWA is considerably higher than either the port price and annual deemed value rate.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: SWO1

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

A. Overview:

Current deemed value rates:

Interim: \$2.13/kg

Annual: \$4.25/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	SWO1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$12,529 were issued at the end of the 2005/2006 fishing season when 43% of ACE remained unused
c) Changes to the port price of the stock	Yes – port price has increased from \$6.11 to \$6.51 (an increase of \$0.40)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	Yes – Introduced into the QMS on 1 October 2004

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

C. Assessment of the fishery:

C.1 Relationship with associated species²⁶

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

C.2 Assessment and analysis of information sources:

Information source	Swordfish	
Port price 06/07	SWO1	\$6.11
Port price 07/08	SWO1	\$6.51
ACE trading price (most recent fishing year)	SWO1	\$1.0562/kg
Export price data*	SWO	Not available

²⁶ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

Bycatch: ratios	SWO	
Bycatch: shadow values	SWO	
Previous deemed value invoices**	SWO1	\$12,529
Cost recovery levies	SWO1	\$0.00/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The amount of swordfish deemed at the end of the last years fishing season is relatively low but is unexpected give that 43% of ACE was left unused at the end of the fishing season
- SWO quota shares were tendered by the crown in February 2006. Two fishers managed to secure the bulk of these quota shares meaning that many small tuna fishers were not able to purchase quota for their bycatch species. It is these two fishers who are currently developing the target fishery for swordfish. This has led to competition for quota and ACE between the target fishers and the tuna fishers who require ACE to cover the swordfish they take as a bycatch when they are targeting bigeye tuna or southern bluefin tuna. This in turn has resulted in changes to fishing behaviour that were not anticipated when SWO was introduced in the QMS on 1 October 2004.
- The issue with SWO1 is ultimately one of utilisation – bycatch fishers who missed out on quota when it was tendered cannot source ACE and the cost of paying deemed values are, in their opinion, prohibitive. This means that SWO is not being landed and the value from the fishery is not being realised. However, SWO fishers should be aware that dumping is an offence.
- There is a concern that the overall value of the fishery will decrease if SWO1 ACE is not available to cover the bycatch of SWO. It is likely that the high deemed value rates are distorting the ACE market by driving ACE prices up so that they are at a level with deemed values. This is the main driver for considering if a deemed value review is appropriate.
- There is a perception that lowering the deemed value rate will help rationalise the fishery and provide opportunities for value maximisation at the same time. The issue is if this is an appropriate role for government.
- Swordfish (SWO) are on the 6th Schedule of the Fisheries Act. A commercial fisher may return any swordfish to the waters from which it was taken if –
 - (a) that swordfish is likely to survive on return; and
 - (b) the return takes place as soon as practicable after the swordfish is taken; and
 - (c) that swordfish has a lower jaw to fork length of less than 1.25m.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: TAR1

Tarakihi are caught in coastal waters around both the North and South Islands, Stewart Island and the Chatham Islands, down to depths of about 250 m. The major fishing grounds are west and east Northland (QMA 1), the western Bay of Plenty to Cape Turnagain (QMAs 1 and 2), Cook Strait to the Canterbury Bight (mainly QMA 3), and Jackson Head to Cape Foulwind (QMA 7). Around the North Island 70–80% of the tarakihi catch is targeted.

A. Overview:

Current deemed value rates:

Interim: \$1.05/kg

Annual: \$2.09/kg

Differential deemed values apply.

Key bycatch stocks: N/A

B. Reason for Review:

TAR1 is being reviewed as there is a proposed TACC adjustment for 1 October 2007. However, an assessment of TAR1 against the review criteria is detailed below:

Criteria	TAR1
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$80,287 were issued at the end of the 2005/2006 fishing season but only 1% of ACE remained unused
c) Changes to the port price of the stock	Yes – the port price for TAR1 has decreased from \$2.00 to \$1.84 (a decrease of \$0.16)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – Current proposal to review the TACC for the 2007/2008 fishing year
f) Stock has recently entered the QMS	No

C. Assessment of the fishery:

C.1 Relationship with associated species²⁷

TAR1 is a target fishery and therefore at this stage a full review of associated species is required if we think it is possible that fishers will switch fishing effort to an associated stock. Also, the implications of a deemed value change in SPD3 on other SPD stocks will need to be monitored.

TAR2:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
TAR2	0.79	1.58

Differential deemed value rates apply

Criteria	TAR2
a) Catch in excess of ACE	Yes – 101% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$80,287 were issued at the end of the 2005/2006 fishing season

²⁷ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

c) Changes to the port price of the stock	Yes – the port price for TAR2 has decreased from \$2.26 to \$1.84 (a decrease of \$0.42)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – the TACC of TAR2 was increased by 163 tonnes for the 2004/2005 fishing year
f) Stock has recently entered the QMS	No

TAR7:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
TAR7	0.42	0.83

Differential deemed value rates apply

Criteria	TAR7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$2,999 were issued at the end of the 2005/2006 fishing season but only 2% of ACE remained unused
c) Changes to the port price of the stock	Yes – the port price for TAR7 has increased from \$1.53 to \$1.84 (an increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

TAR8:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
TAR8	0.72	1.43

Differential deemed value rates apply

Criteria	TAR8
a) Catch in excess of ACE	Yes – 115% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$59,007 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – the port price for TAR8 has decreased from \$2.42 to \$1.84 (a decrease of \$0.58)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Snapper:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SNA1	6.50	13.00
SNA2	1.50	3.00
SNA7	1.01	2.01
SNA8	1.30	4.25

Differential deemed value rates apply

Criteria	SNA1, SNA2, SNA7 & SNA8
a) Catch in excess of ACE	Yes – SNA2 (122%) and SNA8 (110%) of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	SNA1: \$326,825 SNA2: \$238,268 SNA7: \$290 SNA8: \$617,540
c) Changes to the port price of the stock	Yes – the port price for SNA1 has increased from \$4.98 to \$5.14 (an increase of \$0.16), the port price for SNA2 has increased from \$4.67 to \$4.98 (an increase of \$0.31), the port price for SNA7 has increased from \$4.67 to \$4.98 (an increase of \$0.31) and the port price for SNA8 has increased from \$4.67 to \$4.98 (an increase of \$0.31)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	Yes – The TACC for SNA8 was reduced by 200 tonnes before the 2005/2006 fishing year
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rate for TAR2, TAR7 and TAR8 are possible candidates for a review. SNA1, SNA2, SNA7 & SNA8 are being reviewed in their own deemed value review.

C.2 Assessment and analysis of information sources:

Information source	Tarakihi		Snapper	
Port price 06/07	TAR1	\$2.00	SNA1	\$4.98
	TAR2	\$2.26	SNA2	\$4.67
	TAR7	\$1.53	SNA7	\$4.67
	TAR8	\$2.42	SNA8	\$4.67
Port price 07/08	TAR1	\$1.84	SNA1	\$5.14
	TAR2	\$1.84	SNA2	\$4.98
	TAR7	\$1.84	SNA7	\$4.98
	TAR8	\$1.84	SNA8	\$4.98
ACE trading price (most recent fishing year)	TAR1	\$1.0363/kg	SNA1	\$3.9557/kg
	TAR2	\$1.0230/kg	SNA2	\$2.3534/kg
	TAR7	\$0.4884/kg	SNA7	\$1.0450/kg
	TAR8	\$0.8734/kg	SNA8	\$2.7102/kg
Export price data*	TAR	\$5.61	SNA	\$7.04
Bycatch: ratios	TAR		SNA	
Bycatch: shadow values	TAR		SNA	
Previous deemed value invoices**	TAR1	\$80,287	SNA1	\$326,825
	TAR2	\$142,207	SNA2	\$238,268
	TAR7	\$2,999	SNA7	\$290
	TAR8	\$59,007	SNA8	\$617,540
Cost recovery levies	TAR1	\$0.0547/kg	SNA1	\$0.134/kg
	TAR2	\$0.0451/kg	SNA2	\$0.0972/kg
	TAR7	\$0.1644/kg	SNA7	\$0.4533/kg
	TAR8	\$0.0557/kg	SNA8	\$0.1665/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- The proposed management intervention (if the Minister agrees) is to increase the TACC for TAR1.
- Industry has asked three times since 2002 for TAR1 to become part on an Adaptive Management Programme (AMP)
- Landings of TAR1 have exceeded the TACC in all but one (1999/2000 fishing year) of the last ten fishing years.
- Port price (\$1.84/kg) is currently just under the annual deemed value rate (\$2.10/kg).
- 80% of the catch of TAR1 is targeted so any increase in TACC should not have a significant impact on the catch of bycatch species.
- In TAR1, one company was invoiced for 53% (\$42,475) out of the total \$80,287 in deemed value payments for the 2005/2006 fishing year. This company has now gone into receivership. The next largest deemed value invoice was for \$10,398.
- On the face of it, increasing the TACC for TAR1 is unlikely to result in any need to review the deemed value rate for TAR1. However this stock has experienced overfishing in recent years and if the TACC increase is still lower than previous overfished levels then a deemed value adjustment is probably necessary to defend the TACC.
- The impact of a TACC increase on the interactions between TAR1 and the associated species (SNA1) is also worth monitoring particularly if there has already been overfishing of this stock – SNA1 is already on the review list but the implications of the changes to the TAR1 TACC will also be considered.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: TRE2

Trevally is part of a mixed trawl fishery also targeting snapper, red gurnard and john dory.

A. Overview:

Current deemed value rates:

Interim: \$0.46/kg

Annual: \$0.92/kg

Differential deemed values do not apply.

Key target & bycatch stocks: Snapper, Gurnard & John Dory.

B. Criteria for determining if a review is appropriate:

Criteria	TRE2
a) Catch in excess of ACE	Yes – 167% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for \$161,721 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Trevally fulfils criteria a) and b) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species²⁸

TRE2 is part of a mixed trawl fishery and therefore at this stage a full review of associated species is required, particularly if we consider it likely that fishers will switch fishing effort to an associated stock and these associated stocks are already being fished at or above the limit of the TACC or have had significant quantities of fish deemed in the past.

Snapper:

SNA2 is already on the review list

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
SNA2	1.50	3.00

Differential deemed value rates apply

Criteria	SNA2
a) Catch in excess of ACE	Yes – 122% of the TACC was caught during 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$238,268 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	Yes – port price has increased from \$4.67 to \$4.98 (an increase of \$0.31)

²⁸ See notes on ‘Relationship between target and bycatch stocks – implications for deemed value setting’.

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

Gurnard:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
GUR2	0.62	1.24

Differential deemed value rates apply

Criteria	GUR2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Negligible
c) Changes to the port price of the stock	Yes – the port price for GUR2 has increased from \$1.62 to \$1.86 (an increase of \$0.24)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

John Dory:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
JDO2	1.33	2.65

Differential deemed value rates apply

Criteria	JDO2
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Negligible
c) Changes to the port price of the stock	Yes – port price has increased from \$5.38 to \$6.07 (an increase of \$0.69)
d) Request from quota owners	No
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rates for GUR2 & JDO2 are possible candidates for review. SNA2 is being reviewed as part of another deemed value review.

C.2 Assessment and analysis of information sources:

Information source	Trevally		Snapper		Gurnard	
	TRE2	\$1.50	SNA2	\$4.67	GUR2	\$1.62
Port price 06/07	TRE2	\$1.50	SNA2	\$4.67	GUR2	\$1.62
Port price 07/08	TRE2	\$1.50	SNA2	\$4.98	GUR2	\$1.86

ACE trading price (most recent fishing year)	TRE2	\$0.4003/kg	SNA2	\$2.3534/kg	GUR2	\$0.5803/kg
Export price data*	TRE	\$1.93	SNA	\$7.04	GUR	\$7.69
Bycatch: ratios	TRE		SNA		GUR	
Bycatch: shadow values	TRE		Not applicable		GUR	
Previous deemed value invoices**	TRE2	\$161,721	SNA2	\$238,268	GUR2	\$1,085
Cost recovery levies	TRE2	\$0.0296/kg	SNA2	\$0.0972/kg	GUR2	\$0.0324/kg

Information source	John Dory	
Port price 06/07	JDO2	\$5.38
Port price 07/08	JDO2	\$6.07
ACE trading price (most recent fishing year)	JDO2	\$0.8781/kg
Export price data*	JDO	\$10.05
Bycatch: ratios	JDO	
Bycatch: shadow values	JDO	
Previous deemed value invoices**	JDO2	\$102
Cost recovery levies	JDO2	\$0.1102/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- At the end of the 2005-06 fishing season, deemed values were paid on 176 tonnes of TRE2. This equates to 73% of the TACC.
- Three companies were invoiced 89.3% of the total deemed value bill (\$161,721). The largest single deemed value invoice was for \$51,439 (31.8% of the total deemed value bill). This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- An assessment of port prices for TRE2 and the associated species indicates that they are above the annual deemed value rates. This means it may now be profitable for fishers to catch these species and pay the deemed values. An increase in the annual deemed value rate may address this issue.
 - The TRE2 port price (\$1.50) is above the annual deemed value rate (\$0.92).
 - The JDO2 port price (\$6.07) is above the annual deemed value (\$2.65) rate.
- There are concerns that the over fishing of TRE2 is contributing to SNA2 also being over fished (being caught as bycatch of targeting trevally).

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: WAR3

Blue (or common) warehou are caught in coastal waters of the South Island and lower North Island down to depths of about 400 m. Until the mid 1980s, the main domestic fishing method used to catch blue warehou was gill-netting. There has been a reduction in the numbers of commercial gillnetters since the introduction of the QMS, and the majority of the landings are now taken as a bycatch from deepwater trawling.

A. Overview:

Current deemed value rates:

Interim: \$0.13/kg

Annual: \$0.25/kg

Differential deemed values apply.

Key target stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	WAR3
a) Catch in excess of ACE	Yes – WAR3 was over caught by 129% during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes – Deemed value invoices for WAR3 of \$415,961 were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	Yes – Eric Barratt (Sanford Limited)
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Blue (common) warehou fulfils criteria a), b) and d) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species

WAR3 is predominantly a bycatch fishery and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in WAR3 on other WAR stocks will need to be monitored.

WAR7:

Current deemed value rate:

Stock	Interim (\$/kg)	Annual (\$/kg)
WAR7	0.45	0.90

Differential deemed value rates apply

Criteria	WAR7
a) Catch in excess of ACE	No
b) Deemed value payments in previous years	Yes – Deemed value invoices for \$57 when 44% of ACE remained unused were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	No

e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

Following this assessment it is apparent that the deemed value rate for WAR7 is a possible candidate for a review.

C.2 Assessment and analysis of information sources:

Information source	Blue (common) warehou	
	Port price 06/07	WAR3
WAR7		\$0.97
Port price 07/08	WAR3	\$0.92
	WAR7	\$0.97
ACE trading price (most recent fishing year)	WAR3	\$0.1805/kg
	WAR7	\$0.2313/kg
Export price data*	WAR	\$3.00
Bycatch: ratios	WAR	
Bycatch: shadow values	WAR	
Previous deemed value invoices**	WAR3	\$415,961
	WAR7	\$57
Cost recovery levies	WAR3	\$0.0254/kg
	WAR7	\$0.0228/kg

* Export price data for year ending December 2006

** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- In the 2005-06 fishing season deemed values were paid on 1,664 tonnes of BAR5 which equates to 65.7% of the TACC (2530.8 tonnes).
- At the end of the 2005-06 fishing season one company was invoiced 87% of the total \$415,961 deemed value bill. This behaviour suggests that amending the differential deemed value rates may be an appropriate tool to use.
- The port price (\$0.92) of WAR3 is well above the annual deemed value rate (\$0.25) which suggests that it is likely to be profitable for fishers to continue catching WAR3 in excess of ACE and to pay the deemed value charge. This suggests that the annual deemed value rate should also be adjusted.
- WAR7 is being reviewed to ensure that there is no incentive for fishers to truck fish from WAR3 to WAR7.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.

Deemed Value Review 2007: WWA3, WWA4 & WWA7

White warehou are predominantly taken as bycatch from target trawl fisheries on hoki and silver warehou, and to a lesser extent, hake, ling and scampi. WWA is mostly caught in 150 to 800 m depth.

A. Overview:

Current deemed value rates:

Interim: \$0.52/kg

Annual: \$1.03/kg

Differential deemed values do not apply.

Key bycatch stocks: N/A

B. Criteria for determining if a review is appropriate:

Criteria	WWA3, WWA4 & WWA7
a) Catch in excess of ACE	Yes – WWA3 (136.1%), WWA4 (139%) and WWA7 (221%) were all over caught during the 2005/2006 fishing year
b) Deemed value payments in previous years	Yes - Deemed value invoices for WWA3 (\$27,045), WWA4 (\$25,697) and WWA7 (\$15,432) were issued at the end of the 2005/2006 fishing season
c) Changes to the port price of the stock	No
d) Request from quota owners	Yes
e) Recent changes to the stocks TACC or the TACC of key bycatch stocks	No
f) Stock has recently entered the QMS	No

White warehou fulfils criteria a), b) and d) above and therefore is considered appropriate for a review.

C. Assessment of the fishery:

C.1 Relationship with associated species²⁹

WWA3, WWA4 and WWA7 are predominantly bycatch fisheries and therefore at this stage a full review of associated species is not required. However, the implications of a deemed value change in WWA3, WWA4 and WWA7 on other WWA stocks will need to be monitored.

C.2 Assessment and analysis of information sources:

Information source	White Warehou	
Port price 06/07	WWA3	\$1.37
	WWA4	\$1.37
	WWA7	\$1.37
Port price 07/08	WWA3	\$1.37
	WWA4	\$1.37
	WWA7	\$1.37
ACE trading price (most recent fishing year)	WWA3	\$0.4663/kg
	WWA4	\$0.3954/kg
	WWA7	\$0.4136/kg

²⁹ See notes on 'Relationship between target and bycatch stocks – implications for deemed value setting'.

Export price data*	WWA	\$0.19**
Bycatch: ratios	WWA	
	WWA	
Bycatch: shadow values	WWA	
	WWA	
Previous deemed value invoices**	WWA3	\$27,045
	WWA4	\$25,697
	WWA7	\$15,432
Cost recovery levies	WWA3	\$0.028/kg
	WWA4	\$0.028/kg
	WWA7	\$0.028/kg

* Export price data for year ending December 2006.

** Export statistics show a very low volume of White Warehou is being export but large volumes of Other Warehou. We are investigating if White Warehou is accidently being recorded as Other Warehou by Customs.

*** Deemed value invoices issue for fishing in excess of ACE holdings for 2005-06 fishing season.

Key points:

- All three WAA stocks (WWA3, WWA4 & WWA7) have had their TACCs exceeded during the 2005/2006 fishing year.
- The port price (\$1.37) is higher than the annual deemed value rate (\$1.03)
- Problems with the export statistics provided by Customs and SeaFIC mean we can't get an accurate picture of the volume and value of WWA being exported.
- In WWA3, one company was invoiced for 87.8% (\$23,758) out of the total \$27,045 in deemed value payments for the 2005/2006 fishing year.
- In WWA4, two companies were invoiced 99.8% of the total \$25,697 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$15,633 (60.8% of the total deemed value invoices).
- In WWA7, two companies were invoiced 80.4% of the total \$15,432 in deemed value payments for the 2005/2006 fishing year. The largest single deemed value invoice was for \$7,759 (50.3% of the total deemed value invoices).
- This would suggest that applying differential deemed values may be the most appropriate tool in these fisheries.

C.3 Recommended deemed value amendments

To be considered at the Deemed Value Review Group meeting on Tuesday 15 May 2007.