

REVIEW OF DEEMED VALUES FOR SELECTED FISHSTOCKS – SUMMARY OF SUBMISSIONS

Submissions received

- Anton’s Seafood Limited (**Anton’s**)
- Aotearoa Fisheries Ltd (**AFL**)
- Area 2 Inshore Finfish Management Company Ltd (**Area 2 Inshore**)
- Brierley Business Development Limited (**BBDL**)
- Mr. R.J. Butts (**Mr. Butts**)
- Challenger Finfisheries Management Company Ltd (**Challenger**)
- Deepwater Group Ltd (**DWG**)
- Environment and Conservation Organisations of NZ Inc. (**ECO**)
- Independent Fisheries Ltd (**Independent**)
- Mr. A.C. & Mrs. K.J. MacDonald (**Mr. & Mrs. MacDonald**)
- New Zealand Big Game Fishing Council and option4 (**Non Commercial Fishers**)
- New Zealand Federation of Commercial Fishers (**Federation**)
- New Zealand Recreational Fishing Council (**NZRFC**)
- North Beach Fishing Ltd (**North Beach**)
- Northern Fisheries Management Stakeholder Company Limited (**NFMSCL**)
- ORH1 Exploratory Fishing Company Limited (**ORH1 EFC**)
- Pacific Trawling Ltd (**Pacific Trawling**)
- Sanford Limited (**Sanford**)
- Seafood Industry Council (**SeaFIC**)
- South East Finfish Management Ltd (**South East Finfish**)
- United Fisheries Limited (**United**)

Summary of position

- 177 **Anton’s** does not support the proposed changes to the deemed value rates for ORH1. Anton’s submits that differential deemed value rates should not be used as this removes the incentive to land fish. Anton’s proposes that the TACCs of over caught species should be reviewed before the deemed value rates are changed.
- 178 **AFL** believes that industry representatives should participate in the review group. AFL would appreciate a greater level of transparency and greater industry involvement in the deemed value review process. AFL has commented on all the proposed changes to the deemed value rates and in many cases has recommended alternative deemed value rates to

those that were proposed in the initial position paper (IPP). However, AFL has not provided any rationale as to why its recommended rates are preferable.

- 179 **Area 2 Inshore** initially did not support the changes to the deemed values for the area 2 mixed inshore fish stocks (BNS2, SKI2, SPO2, JDO2, SNA2, TAR2 and TRE2). Area 2 Inshore proposed that over fishing thresholds should be used on target species and deemed values for bycatch species should be lowered along with reviews of their TACCs. Area 2 Inshore were concerned that the deemed value system is being used as “a one size fits all” solution to over fishing and would have liked to be more involved in the review process.
- 180 Following a meeting with MFish Area 2 Inshore has agreed to support the revived deemed value regime rather than seek the application of overfishing thresholds to their key stocks. Area 2 Inshore has also provided specific comments on the proposed deemed value rates for QMA2 stocks in this review.
- 181 **BBDL, Mr. Butts and Mr. & Mrs. MacDonald** have provided submissions that focus specifically on the proposed deemed values for the SPD stocks. All three submissions propose higher deemed value rates for the SPD stocks.
- 182 **Challenger** does not support the changes to the deemed values for the area 7 & 8 fish stocks (BAR7, GUR7, GUR8, JDO7, SNA7, SPD7, TAR7, TAR8, WAR7 and WWA7). Challenger proposes that these stocks have their TACCs reviewed before changes to the deemed value rates are made.
- 183 **DWG** submits that the deemed value rates for deepwater fishstocks should be set at a level that extinguishes the commercial benefit from continuing to fish without ACE. DWG submits that deemed values should be set at a level that does not allow, or encourage, permit holders to continue fishing without ACE but that they should not be set a level that encourages fishers to discard catch rather than land it
- 184 DWG submits that differential deemed values are not necessary provided the annual deemed value rate is appropriately set. DWG does not support the use of aggressive deemed values to defend TACCs that have not been recently reviewed. Following a meeting with MFish, DWG has provided specific comments on the proposed deemed value rates for some of the deepwater stocks included in this review.
- 185 **ECO** supports adjusting the proposal to adjust the deemed value rates for the stocks under review.
- 186 **Independent** submits that the present catch balancing regime/civil penalty regime introduced as an amendment to the Fisheries Act 1996 in October 2001 should be scrapped and the regime that preceded it should be reinstated with refinements. Independent is concerned that the current economic climate that the fishing industry is operating in has not been considered in the IPP and that many false assumptions have been made about the relationship between deemed values and sustainability. Independent submits MFish does not understand the relationship between target and bycatch species in setting deemed values. Independent proposes that MFish consider using over fishing thresholds instead of increasing deemed value rates. Independent also discusses the impact of the proposed changes to the LIN and SWA deemed value rates on their operation.

- 187 **Non-Commercial Fishers** support MFish's call for stronger measures to combat chronic deeming. Non-Commercial Fishers believe that adjusting the deemed value rates will not totally stop over fishing especially in shared fisheries. Non-Commercial Fishers believe that the simplest and most effective solution to chronic deeming is to deduct each year's over catch from the following year's TACC. Non Commercial Fishers have commented on the proposed new deemed value rate for shared species and in some cases have proposed their own deemed value rates.
- 188 **Federation** supports the submission made by SeaFIC. Federation submits that deemed values should not compensate for inappropriately set TACCs and that the focus of the Ministry's priority should be to ensure adequate TACCs are set in the first instance. Federation submits that punitive or high deemed values encourage discarding and unrealistically high ACE prices while low deemed values legitimise and encourage deliberate over fishing.
- 189 **NZRFC** supports the submission made by Non-Commercial Fishers. NZRFC submits that the amount of catch deemed should be deducted from the following year's TACC.
- 190 **North Beach** submits that it is surprised the Minister is proposing to change the deemed values of some inshore species. North Beach submits that it is difficult to acquire ACE for all the species (30 to 40 species) it catches in its inshore fishing activities and that deemed values are an integral part of balancing their catch while staying economically viable. North Beach submits overfishing is occurring because of the actions of a few fishers and the majority should not be punished for the actions of a few.
- 191 **Northern Inshore** supports the proposed changes to the TAR deemed value rates.
- 192 **ORH1 EFC** does not support the proposed changes to the deemed value rates for ORH1. ORH1 EFC submits that at existing deemed value rates all economic value/benefit is removed.
- 193 **Pacific Trawling** submits that the proposed deemed value rates will be unreasonably penal on fishers who incidentally over-fish and who are unable to source ACE. Pacific Trawling submits that the proposed deemed value rates exceeds the value of the ACE, of the stock and the economic benefit received from that stock and will lead to increased discarding. Pacific Trawling proposes using over fishing thresholds and permit suspensions instead of adjusting the deemed value rates. Pacific Trawling submits that it will seek a judicial review of the proposed deemed value rates if they remain as set out in the initial position paper.
- 194 **Sanford** submits that it is disappointed to see that the recommendations made by the Joint Working Group (JWG) have not been fully implemented, especially repatriation of deemed value revenues to quota holders. Sanford does not support any reduction to deemed value rates as they believe most deemed value are set to low. Sanford does not support the idea that deemed values should not be set at an appropriate level because of the perceived risk of increased dumping. Sanford has also proposed an alternative differential deemed value system that is based on catch tonnages in excess of a fisher's ACE holdings.
- 195 **SeaFIC** submits that it is concerned that the most recent port price information was not used to in the IPP. SeaFIC believes that some of the stocks included in the deemed value review should have their TACCs reviewed as per the JWG recommendations. SeaFIC submits that

deemed values should not be used to extract undue economic rent from disadvantaged participants but should be set at a level that encourages fishers to balance catch with ACE and discourage over-catching of the TACC.

- 196 **South East Finfish** submits that it is still concerned about the deemed value for WAR3. South East Finfish has referenced a letter they sent to the Minister on 10th October 2006 and notes its position has not changed.
- 197 **United** has provided a submission that focuses specifically on the proposed deemed values for the SNA stocks they catch as bycatch in their jack mackerel fisheries. United submits that MFish should either put in place different deemed value rates for fresh and frozen snapper or implement over fishing thresholds in these fisheries.

Link between effective TACC setting and deemed values

- 198 **Area 2 Inshore, AFL, Challenger, Independent, SeaFIC, DWG, Pacific Trawling, Anton's and Federation** submit that a breach of the TACC should not automatically lead to a deemed value increase. They submit that a review of the TACC of either the target or bycatch stocks should be the first option. If following this review the TACC remains unchanged then a deemed value adjustment may then be appropriate.

Port Prices

- 199 **SeaFIC** submits that using the 2006/2007 port prices to determine the 2007/2008 deemed values may not meet the requirements of section 10 of the Fisheries Act 1996. SeaFIC acknowledges that the 2007/2008 port prices were approved after the Deemed Value Review Group meeting but would like them included in the final advice paper (FAP) that goes to the Minister.

Over Fishing Thresholds

- 200 **Area 2 Inshore** submits that in mixed inshore fisheries a range of mechanisms should be used to prevent overfishing. Area 2 Inshore submits that where fishers deliberately target a stock knowing that ACE is unavailable, then MFish must invoke an over fishing threshold to stop that fisher's activity. Area 2 Inshore submits that when a fisher deliberately over fishes, it is entirely appropriate for the quota owners to expect legislation to guarantee that over fishing stops – not to put in place means of gathering revenue for government.
- 201 Area 2 Inshore also submits that over fishing thresholds would be a more cost efficient management control than trying to maintain the annualised deemed value consultation process. Over fishing thresholds would better support sustainability of key stocks as these stocks (and others) would not be over-exploited.
- 202 **Independent** submits that MFish has failed to consider alternative mechanisms under the Act that could be used to constrain catch to available ACE. Independent submits that there is no analysis of why over fishing thresholds can not being used instead of deemed values. According to Independent over fishing thresholds will not impact on the sustainable utilisation of fish stocks while the deemed value rates proposed in the IPP will.

- 203 **Pacific Trawling** recommends the use of overfishing thresholds rather than deemed values to manage overcatch. Pacific Trawling submits that overfishing thresholds are selective in that they target and affect the individual fisher engaged in overfishing but do not impact on incidental and unavoidable over-catch resulting from the inherent short comings within the Quota Management System.

Dumping and High Grading

- 204 **DWG** submits that a balance must be sought so deemed values are set at levels that do not allow, or encourage, fishers to continue fishing without ACE but not at levels so high that they incentivise discarding.
- 205 **Independent** submits in overfishing occurs because fishers are unable to source the necessary ACE to cover the unavoidable bycatch associated with certain target fisheries. Independent submits that the proposed increase to the deemed value rates of key bycatch species will prevent fishers from fishing their target ACE and will force them into the economic necessity of breaking the law through dumping or high grading.
- 206 Independent believes that the catch balancing regime is fundamentally flawed and is incapable of achieving a viable balance between constraining targeting of fish without ACE and preventing significant dumping or high grading.
- 207 **Non Commercial Fishers** submit that incentives need to be matched to a particular situation to be effective and that setting high deemed values creates a disincentive (rather than an incentive) to improve the sustainability of fisheries. Non Commercial Fishers submit that due to the remoteness of fishing operations if deemed values are set too high a fisher can dump excess fish without being seen and therefore without penalty.
- 208 **Pacific Trawling** submits that action should be taken on fishers who deliberately over-fish and should be directed at the individuals responsible, not meted out on the industry as a whole, adversely affecting legitimate over-fishing incidences and forcing fishers to contemplate dumping.
- 209 **Sanford** submits that the argument put forward by MFish that high deemed values will encourage fishers to dump over catches at sea lacks substance and that MFish should use the appropriate compliance tools to curtail this conduct and preserve the integrity of the QMS.

Amendments to the Catch Balancing Regime

- 210 **Independent** submits that the current catch balancing regime is fundamentally flawed and can only be maintained by increasingly drastic measures. Independent proposes that the present catch balancing regime/civil penalty regime introduced as an amendment to the Fisheries Act 1996 in October 2001 should be scrapped and the regime that preceded it should be reinstated with refinements.
- 211 **Non Commercial** and **NZRFC** submit that deemed fish should be deducted from the following year's TACC for that species. They submit that deemed fish are falling between the cracks and are not being accounted for in the current system. By taking the amount of fish deemed off the next year's TACC this ensures that the sustainability of the fish stock is maintained.

- 212 **Sanford** submits that instead of the current deemed value system, MFish should implement their proposed system. The system is based on the following thresholds:
- a) Catches up to 5 tonnes above ACE held;
 - b) Catches greater than 5 tonnes above ACE held and up to 105% of ACE held; and
 - c) Catches greater than 105% of ACE held

At a) the annual deemed value rate is set at just above port price, at b) the annual deemed value rate is set at the export price and at c) the annual deemed value rate is set at 150% to 175% of export price.

Barracouta: BAR1, BAR4, BAR5 & BAR7

- 213 **AFL** and **SeaFIC** do not support the proposed deemed value rates for the BAR stocks. They submit that the TACC for BAR5 be reviewed before any changes are made to the deemed value rates. They propose that the deemed value rates remain at their current values.
- 214 **Challenger** does not support the proposed deemed value rates for BAR7. Challenger submits that BAR7 quota holders should not be penalised because there has been overfishing in BAR5.

Blue cod: BCO3, BCO4 & BCO5

- 215 **AFL** and **SeaFIC** do not support the proposed deemed value rates for the BCO stocks. They submit that while a deemed value increase seems appropriate in BCO3 they cannot support such an increase until the TACC has been reviewed. They recommend that the BCO3 annual deemed value rate remains at \$1.92/kg, the interim deemed value rate is set at \$1.60/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$2.31/kg. They propose that the deemed value rates for BCO4 and BCO5 should not be adjusted at this time.
- 216 **Non-Commercial Fishers** support the proposed deemed value rates for BCO3 and BCO5. Non-Commercial Fishers submit that it is appropriate to increase the deemed value rate for BCO3 to match the port price and to increase the deemed value of BCO5 so there are no incentives to misreport.
- 217 Non-Commercial Fishers does not think the same argument for increasing the deemed value rates for BCO5 can be made for BCO4.

Bluenose: BNS2

- 218 **AFL** and **SeaFIC** support an increase in the deemed value rates for BNS2. They recommend that the BNS2 annual deemed value rate is set at \$3.20/kg, the interim deemed value rate is set at \$2.80/kg, and that differential deemed value rates begin at catch 10% above ACE holdings at \$5.00/kg.
- 219 **Area 2 Inshore** supports the proposed deemed value rates for BNS2, but notes its first preference would be the use of overfishing thresholds to address deliberate over catch.

Flatfish: FLA3

- 220 **AFL** and **SeaFIC** support the idea that the catch of FLA3 is placing pressure on bycatch species and that a deemed value adjustment is necessary. They recommend that the FLA3 annual deemed value rate is set at \$3.00/kg, the interim deemed value rate is set at \$2.70/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$5.00/kg.
- 221 **Non-Commercial Fishers** support the proposed deemed value rates for FLA3. Non Commercial Fishers considers the deemed value rates for FLA3 should be set closer to port price to ensure that the deemed value rates are able to defend the new TACC.

Gurnard: GUR3, GUR7 & GUR8

- 222 **AFL** and **SeaFIC** support the view that the deemed value rate for GUR3 is too low to prevent overfishing and therefore needs to be increased. They recommend that the GUR3 annual deemed value rate is set at \$1.60/kg, the interim deemed value rate is set at \$1.40/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$3.00/kg.
- 223 They do not support the proposed new deemed value rates for GUR7 & GUR8. They submit that the deemed value rates should be increased to avoid compressing the ACE market. They recommend that the GUR7 and GUR8 annual deemed value rate is set at \$1.25/kg, the interim deemed value rate remains at \$1.00/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$1.50/kg.
- 224 **Challenger** supports the use of deemed values to curb over catch but does not support any increase to the deemed value rates for GUR7 and GUR8 until the issue of misreporting is solved and the results of the West Coast South Island trawl survey are presented.
- 225 **Non-Commercial Fishers** support the proposed deemed value rates for GUR3 but do not support the proposed deemed value rates for GUR7 and GUR8 because they will not prevent dumping occurring in this fishery. Non Commercial Fishers support an increase in mesh size and the use of square mesh cod ends to reduce the amount of small fish caught.

Hoki: HOK1

- 226 **AFL** and **SeaFIC** submit that if the HOK1 TACC is reduced then an aggressive deemed value regime should be imposed to protect the new TACC. **AFL** recommends that the HOK1 annual deemed value rate is set at \$1.20/kg, the interim deemed value rate is set at \$1.10/kg, and that differential deemed value rates begin at catch 5% above ACE holdings at \$2.50/kg.
- 227 **SeaFIC** proposes that for HOK1 the annual deemed value rate be set at \$0.90/kg, the interim deemed value rate be set at \$0.80/kg, and the differential deemed value rates begin at catch 5% above ACE holdings at \$1.20/kg.
- 228 **DWG** recommends that the HOK1 annual deemed value rate is set at \$0.90/kg, the interim deemed value rate is set at \$0.45/kg, and the differential deemed value rates begin at catch 2% above ACE holdings at \$1.30/kg.

Hapuka/Bass: HPB3

- 229 **AFL** and **SeaFIC** submit that the current deemed value rates for HPB3 compress the ACE market but until the TACC for HPB3 is reviewed they see no rationale for reviewing the current deemed value rates. They recommend that the HPB3 annual deemed value rate remains at \$1.50/kg, the interim deemed value rate is set at \$1.25/kg, and that differential deemed value rates remain the same.
- 230 **Non-Commercial Fishers** support increasing the deemed value rates for HPB3 but would like the annual rate increased further to better reflect the stocks port price – it recommends an annual rate of \$4.00 per kg. Non Commercial Fishers submit that the port price is still significantly higher than the proposed deemed value rates and submit that the annual deemed value rate be set at \$4.00/kg.

John dory: JDO2 & JDO7

- 231 **AFL** and **SeaFIC** support increasing the deemed value rates for JDO2 and JDO7 but recommend the deemed value rates are set at a higher level than was initially proposed in the IPP to reflect the current port price. They recommend that the following rates should be set for both stocks; an annual rate of \$4.50/kg, an interim rate of \$4.00/kg, and that differential deemed values should apply to all catch 20% above ACE holdings at \$6.00/kg.
- 232 **Area 2 Inshore** does not support JDO2 quota holders being penalised for the behaviour of fisher in JDO7 simply because it is a neighbouring stock. Area 2 Inshore does however support increasing the deemed value for JDO2 to \$4.00/kg to reflect recent changes in port price.
- 233 **Challenger** does not support the proposed deemed value rates for JDO7. Challenger submits there are no sustainability concerns with the stock and therefore a review of the deemed value rates is not required at this time.
- 234 **Non-Commercial Fishers** support the support the proposal to increase deemed value rates for JDO7 although it does recommend that the annual rate is set at a level that better reflects the port price of the stock.

Ling: LIN1, LIN2, LIN3, LIN4, LIN5, LIN6 & LIN7

- 235 **AFL**, **DWG** and **SeaFIC** do not support the proposed adjustment to the deemed value rates for all ling stocks as set out in the IPP and consider the deemed value rates set out in the table below would be more appropriate. does not support the proposal to retain the existing annual and interim deemed value rates for the coming season. AFL also submits that differential deemed value rates should be applied to all LIN stocks.
- 236 **Independent** does not support the proposed deemed value rates for LIN stocks. Independent submits that the increase is ludicrous and that the proposed deemed value rates will push its deemed value invoice for LIN up from \$300,000 p.a. to \$2 million p.a. Independent submits that the proposed deemed value rates will affect its ability to catch its hoki ACE and ultimately the economic viability of its fishing operations.

Table 1: Proposed deemed value rates for LIN2, LIN3, LIN4, LIN5, LIN6 and LIN7

QMA	DV Rates	Proposed deemed value rates from:		
		AFL	DWG	SeaFIC
LIN2	Annual DV	\$2.30/kg	Unchanged	\$2.30/kg
	Interim DV	\$2.00/kg	Unchanged	\$2.20/kg
	Differential DV	\$4.60/kg (120%)	\$3.40/kg (102%)	\$4.60/kg (120%)
LIN3	Annual DV	\$2.60/kg	Unchanged	\$2.60/kg
	Interim DV	\$2.20/kg	Unchanged	\$2.50/kg
	Differential DV	\$5.20/kg (120%)	\$3.40/kg (102%)	\$5.20/kg (120%)
LIN4	Annual DV	\$1.60/kg	Unchanged	\$1.60/kg
	Interim DV	\$1.40/kg	Unchanged	\$1.50/kg
	Differential DV	\$3.20/kg (120%)	\$3.40/kg (102%)	\$3.20/kg (120%)
LIN5	Annual DV	\$3.20/kg	\$2.38/kg	\$3.20/kg
	Interim DV	\$2.80/kg	\$1.20/kg	\$3.10/kg
	Differential DV	\$6.40/kg (120%)	\$3.40/kg (102%)	\$6.40/kg (120%)
LIN6	Annual DV	\$1.60/kg	Unchanged	\$1.60/kg
	Interim DV	\$1.40/kg	Unchanged	\$1.50/kg
	Differential DV	\$3.20/kg (120%)	\$3.40/kg (102%)	\$3.20/kg (120%)
LIN7	Annual DV	\$4.20/kg	\$2.38/kg	\$4.20/kg
	Interim DV	\$3.80/kg	\$1.20/kg	\$4.10/kg
	Differential DV	\$8.40/kg (120%)	\$3.40/kg (102%)	\$8.40/kg (120%)

Orange

roughly: ORH1, ORH3B & ORH7B

- 237 **Anton's, DWG and ORH1 EFC** do not support the proposed deemed value rates for ORH1 and considers the deemed value rate should remain unchanged for the coming season.
- 238 **AFL** supports leaving the annual deemed value rate unchanged for ORH3B and recommends that the interim deemed value rate is set at \$3.60/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$8.00/kg.
- 239 **AFL** does not support the proposed deemed value rates for ORH7B and instead recommends that the annual deemed value rate is set at \$2.00/kg, the interim deemed value rate is set at \$1.80/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$4.00/kg.
- 240 **SeaFIC** supports the annual deemed value rates for ORH3B and ORH7B but considers the interim deemed value rates and the differential deemed value rates should be increased so as to provide greater protection to the TACCs. SeaFIC submits that the new deemed value rates should be agreed to in a collaborative manner with the Deepwater Working Group (DWG).
- 241 **SeaFIC** recommends that the ORH3B annual deemed value rate remains at \$4.00/kg, the interim deemed value rate is set at \$3.90/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$8.00/kg.
- 242 **SeaFIC** recommends that the ORH7B annual deemed value rate is set at \$3.20/kg, the interim deemed value rate is set at \$3.10/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$6.40/kg.

Red cod: RCO3

- 243 **AFL** and **SeaFIC** submit that the deemed value rates for RCO3 should be increased irrespective of what decision is made for the TAC for the coming season. They propose that the RCO3 annual deemed value rate is set at \$0.40/kg, the interim deemed value rate is set at \$0.35/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$0.60/kg.

School shark: SCH1

- 244 **AFL** and **SeaFIC** support an increase in the deemed value rates for SCH1 although they recommend that the annual deemed value rate is set at \$1.75/kg, the interim deemed value rate remains at \$1.60/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$3.50/kg.
- 245 **Non-Commercial Fishers** support the proposed deemed value rates for SCH1 and considers these rates should be applied irrespective of where the Minister chooses to set the TAC for the coming season.

Gemfish: SKI2

- 246 **AFL** does not support the deemed value rates for SKI2 proposed in the IPP on the grounds that they are too aggressive. Instead **AFL** recommends that the SKI2 annual deemed value rate is set at \$1.75/kg, the interim deemed value rate is set at \$1.50/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$3.50/kg.
- 247 **Area 2 Inshore** does not support increasing the annual deemed value rate for SKI2 as this is likely to distort the ACE price. However, **Area 2 Inshore** does support the use of differential deemed value rates, but notes its first preference is to use over fishing thresholds to manage deliberate overfishing.
- 248 **SeaFIC** does not support the deemed value rates for SKI2 proposed in the IPP. **SeaFIC** notes that the over catch in SKI2 has occurred since the TACC was decreased 5 years ago. **SeaFIC** recommends that the SKI2 annual deemed value rate is set at \$1.75/kg, the interim deemed value rate is set at \$1.50/kg, and that differential deemed value rates begin at catch 20% above ACE holdings at \$3.50/kg.

Snapper: SNA2, SNA7 & SNA8

- 249 **AFL** supports increasing the deemed value rates for SNA2, SNA7 & SNA8 but not at the levels proposed by **MFish**. **AFL** recommends that for SNA2, SNA7 & SNA8 the annual deemed value rates are set at \$4.75/kg and the interim deemed value rate are set at \$2.38/kg. **AFL** also recommends that differential deemed value rates are applied at the following levels - at \$5.75/kg for catch 10% above ACE holdings, \$6.75/kg for catch 20% above ACE holdings and \$10.00/kg for catch 30% or more above ACE holdings.
- 250 **Area 2 Inshore** does not support an increase in the annual deemed value rate for SNA2 nor does it support the proposed differential deemed value rates. **Area 2 Inshore** submits that increasing the annual deemed value rate will distort the ACE trading price. **Area 2 Inshore** also submits that SNA2 is a bycatch fishery and should not be compared to SNA1 and

SNA8 which are target fisheries. Area 2 Inshore recommends that the SNA2 annual deemed value rate is set at \$3.00/kg.

- 251 **Challenger** does not support the proposed deemed value rates for SNA7. Challenger submits over catch is not a significant problem in this fishery and that evidence of overfishing in adjacent fisheries should not be used to penalise fishers engaging in legitimate fishing. Challenger also considers it appropriate that the SNA7 TACC is reviewed before any deemed value adjustments are made.
- 252 **Non-Commercial Fishers** support the proposed deemed value rates for SNA2, SNA7 and SNA8.
- 253 **Sanford** supports the review of the deemed value rates for SNA2, SNA7 & SNA8. Sanford also supports that approach of reviewing associated stocks to ensure that there is no incentive to exploit a neighbouring stock with a lower deemed value rate or to misreport catch.
- 254 **SeaFIC** supports an increase in the deemed value rates for SNA2, SNA7 & SNA8 but not at the levels proposed by MFish. SeaFIC notes there has been some over catch in SNA2 and SNA8 but an under catch in SNA7. SeaFIC submits that the increase in the proposed deemed value rates for these stocks is excessive and may lead to dumping or misreporting.
- 255 SeaFIC recommends that for SNA2, SNA7 & SNA8 the annual deemed value rate be set at \$4.00/kg, the interim deemed value rate be set at \$3.90/kg and the differential deemed value rates begin at catch 10% above ACE holdings at \$8.00/kg.
- 256 **United** does not support the proposed deemed value rates for SNA7 and SNA8. United submits snapper is an unavoidable bycatch in the jack mackerel fishery and that the proposed deemed value increases will have a major affect of the profitability of their JMA fishing operations as they will have difficulty sourcing the necessary ACE for SNA7 & SNA8.
- 257 United considers MFish should apply different deemed value rates for fresh and frozen SNA as each product state receives a vastly different price from Licensed Fish Receivers. United also submits that if MFish is concerned that a handful of fishers are responsible for the over catch in a fishery then over fishing thresholds should be used instead of ramping up deemed values.

Spiny dog fish: SPD1, SPD3, SPD4, SPD5, SPD7 & SPD8

- 258 **AFL** supports the proposed annual and interim deemed value rates for all SPD stocks at the levels proposed by MFish but also recommends that differential deemed value rates are applied at this time. These differential deemed value rates should be set at the following levels; at \$0.25/kg for catch 20% above ACE holdings, \$0.30/kg for catch 40% above ACE holdings and \$0.35/kg for catch 60% or more above ACE holdings.
- 259 **BBDL** does not support the port price information used to determine where the annual deemed value rate should be set because it is based on old data and is compromised by inter-company transactions at nominal prices. BBDL submits that the true port price is in the \$0.80 to \$1.00 range.

- 260 BBDL also notes that the proposed annual deemed value rate for SPD stock has been set well below the port price while the proposed deemed value rates for the other shark species in the review (SCH and SPO) have been set just below or just above the port price. BBDL recommends that the annual deemed value rate for all SPD stocks is set at \$0.4875/kg.
- 261 **Mr. Butts** supports the review of the deemed value rates for SPD stocks although he does not consider the port price used is accurate and submits that the true port price is in the range of \$0.80 to \$1.00. Mr Butts also notes that the price of fins used in the IPP of \$9.00/kg or \$0.30/kg greenweight is also incorrect and that the true price is \$13.00/kg or \$0.45/kg greenweight.
- 262 Mr. Butts supports the statement that there is no economic value in holding SPD quota. Mr Butts submits that the current annual deemed value rate of \$0.05/kg has undermined the property right of SPD quota holders. Finally Mr. Butts recommends that, across all SPD stocks, the annual deemed value is set at \$0.40/kg, the interim deemed value is set at \$0.20/kg and that differential deemed values do not apply.
- 263 **Challenger** does not support the proposed deemed value rates for SPD7. Challenger submits that the deemed value should not be changed until the market potential of SPD is better understood and until the National Plan of Action (NPOA) for sharks is finalised. Challenger noted that there is a price differentiation for SPD depending on whether it is caught by trawl gear or by set netting.
- 264 **Mr. & Mrs. MacDonald** support the review of the deemed value rates for SPD stocks and they the decision to set the annual deemed value at \$0.05/kg when SPD was introduced into the QMS was incorrect and that the majority of quota holders support an annual deemed value rate of \$0.30/kg.
- 265 Mr. & Mrs. MacDonald support setting the deemed value rate at the price of SPD fins at the minimum. Mr. & Mrs. MacDonald do not support the practice of finning but believe setting the deemed value rate at this price will encourage fishers to land the whole fish.
- 266 Mr. & Mrs. MacDonald recommend that, across all SPD stocks, that the annual deemed value is set at \$0.30/kg, the interim deemed value is set at \$0.15/kg and that differential deemed values do not apply.
- 267 **SeaFIC** supports the proposed annual and interim deemed value rates for all SPD stocks at the levels proposed by MFish, although SeaFIC also recommends the use of differential deemed values to ensure fishers have every incentive to land their catch and balance it with ACE. SeaFIC recommends that differential deemed value rates apply to all SPD stocks at catch levels 20% above ACE holdings at a rate of \$0.25/kg.

Rig: SPO2

- 268 **AFL** supports an increase to the deemed value rates for SPO2 but not at the rates proposed by MFish. AFL recommends that for SPO2 the annual deemed value rate is set at \$2.70/kg and the interim deemed value rate is set at \$1.35/kg. AFL also recommends that the differential rates for this stocks are set at \$3.25/kg for catch 10% above ACE holdings, \$3.78/kg for catch 20% above ACE holdings and \$5.00/kg for catch 30% or more above ACE holdings.

- 269 **Area 2 Inshore** supports an increase in the deemed value rates for SPO2 but not at the levels proposed by MFish. Area 2 Inshore also supports the use of differential deemed value rates but considers they should apply to all catch 120% of ACE holdings rather than 110% which is what was proposed in the IPP. This is because SPO2 is an unavoidable bycatch. Area 2 Inshore recommends that for SPO2 the annual deemed value rate is set at \$2.60/kg and that differential deemed value rates are set at \$4.00/kg for catch 20% above ACE holdings and increase by \$1 for every 10% increment thereafter.
- 270 **SeaFIC** supports an increase in the deemed value rates for SPO2 but not at the rate proposed by MFish. SeaFIC recommends that for SPO2 the annual deemed value rate is set at \$2.70/kg, the interim deemed value rate is set at \$2.60/kg and the differential deemed value rates apply to all catch 10% above ACE holdings at a rate of \$5.40/kg.

Silver warehou: SWA1, SWA3 & SWA4

- 271 **AFL** does not support the proposed deemed value rates for SWA1, SWA3 and SWA4. AFL submits that SWA1, SWA3 and SWA4 should have their TACCs reviewed rather than a deemed value adjustment at this time. AFL recommends that for SWA1, SWA3 & SWA4 the annual deemed value rate is set at \$0.97/kg and that the deemed value rate is set at \$0.49/kg.
- 272 AFL also recommends the following differential deemed value rates for SWA1, SWA3 & SWA4: \$1.21/kg for catch 10% above ACE holdings, \$1.45/kg for catch 20% above ACE holdings and \$5.00/kg for catch 30% or more above ACE holdings.
- 273 **DWG** does not support the proposed increase to the deemed value rates for SWA1 at this time but recommends that the rates for SWA3 and SWA4 should be increased so that the annual rate is set at \$1.22/kg and the interim deemed value rate at \$0.50/kg. DWG also recommends that one differential deemed value rate should be applied to all catch landed that is 20% in excess of ACE holdings at a rate of \$1.74/kg. Finally DWG recommends that SWA3 and SWA4 should have their TACCs reviewed as a matter of urgency.
- 274 **Independent** does not support the proposed deemed value rates for SWA1, SWA3 and SWA4. Independent currently catches SWA as a bycatch in the squid and hoki fisheries and that the proposed deemed value will increase its annual SWA deemed value invoice from \$400,000 p.a. to \$2.8 million p.a.
- 275 Independent is concerned that it is already difficult to source sufficient SWA ACE and that the proposed deemed value rates will affect its ability to catch its squid and hoki ACE which will have implications for the economic viability of its fishing operations.
- 276 **SeaFIC** does not support the proposed deemed value rates for SWA1, SWA3 and SWA4 and recommends that any changes to the deemed value rates for these stocks should be agreed to in a collaborative manner with the Deepwater Working Group (DWG). SeaFIC submits that SWA stocks are low value, low information stocks and a TACC review should be undertaken before aggressive deemed value rates are put in place. SeaFIC does support the use of differential deemed value rates in the SWA stocks.
- 277 SeaFIC recommends that for SWA1, SWA3 and SWA4 the annual deemed value rate is set at \$0.98/kg, the interim deemed value rate is set at \$0.88/kg and that differential deemed value rates begin at catch 20% above ACE holdings at \$1.96/kg.

Swordfish: SWO1

- 278 **AFL** and **SeaFIC** support the proposal to remove the differential deemed value rates for SWO1.
- 279 **Non-Commercial Fishers** supports the proposal to remove the differential deemed value rates for SWO1 but considers this should be viewed as an interim measure only and that the deemed value rates should be reviewed annually and differential deemed value rates reinstated if the TACC is over caught.

Tarakihi: TAR1, TAR2, TAR7 & TAR8

- 280 **AFL** supports increasing the deemed value rates for TAR1, TAR2, TAR7 and TAR8 but not at the aggressive rate proposed by MFish. AFL recommends that for TAR1 and TAR2 the annual deemed value rate is set at \$2.80/kg and the interim deemed value rate is set at \$1.40/kg. AFL also recommends that the differential deemed value rates for TAR1 and TAR2 are set at \$3.36/kg for catch 20% above ACE holdings, \$3.92/kg for catch 40% above ACE holdings and \$10.00/kg for catch 60% or more above ACE holdings.
- 281 For TAR7 and TAR8 AFL recommends that the annual deemed value rate is set at \$1.40/kg and the interim deemed value rate set at \$0.70/kg. AFL also recommends that the differential deemed value rates for TAR7 and TAR8 are set at \$1.68/kg for catch 20% above ACE holdings, \$1.96/kg for catch 40% above ACE holdings and \$5.00/kg for catch 60% or more above ACE holdings.
- 282 **Area 2 Inshore** does support increasing the annual deemed value rate for TAR2 but not to the level proposed by MFish. Area 2 Inshore believes that the proposed annual deemed value rate will distort the ACE trading price in TAR2. Area 2 Inshore recommends that the TAR2 annual deemed value rate is set at \$2.00/kg. Area 2 Inshore also supports the differential deemed value rates proposed in the IPP.
- 283 **Challenger** does not support the proposed deemed value rates for TAR7 & TAR8 on the grounds that over catch is not a significant problem in these fisheries and issues in other fisheries (TAR1) should not be used to penalise fishers engaging in legitimate fishing. Challenger submits that the deemed value rate should not be increased in TAR7 & TAR8 until the results of the West Coast South Island trawl survey are presented.
- 284 **Northern Inshore** and **Non-Commercial Fishers** support the proposed deemed value rates for TAR1, TAR2, TAR7 and TAR8.
- 285 **SeaFIC** supports increasing deemed value rates for TAR1 but not to the levels proposed by MFish in the IPP. SeaFIC does not support adjusting the deemed value rates for TAR2, TAR7 and TAR8 at this time since the overcatch problem is only present in TAR1 and quota holders in TAR2, TAR7 and TAR8 should not be punished for over catch in a neighbouring fishery.
- 286 For TAR1 SeaFIC recommends that the annual deemed value rate is set at \$2.50/kg, the interim deemed value rate is set at \$2.40/kg and that differential deemed value rates begin at catch 20% above ACE holdings at \$5.00/kg.

Trevally: TRE2

- 287 **AFL** does not support retaining the existing annual and interim deemed value rate for TRE2 for the coming season and recommends that the annual deemed value rate is set at \$1.25/kg and the interim deemed value rate is set at \$0.62/kg. AFL also recommends that the differential deemed value rates for TRE2 are set at \$1.56/kg for catch 10% above ACE holdings, \$1.87/kg for catch 20% above ACE holdings and \$5.00/kg for catch 30% or more above ACE holdings.
- 288 **Area 2 Inshore** supports the introduction of differential deemed values but does not support the proposed starting point of 105% of ACE holdings which was proposed in the IPP. Area 2 Inshore recommends that the TRE2 annual deemed value rate is increased to \$1.10/kg and that differential deemed value rates begin at catch 10% above ACE holdings at \$2.00/kg and increase by \$1 for every 10% increment thereafter.
- 289 **Non-Commercial Fishers** do not support leaving the annual and interim deemed value rate for TRE2 unchanged for the coming season. Non-Commercial Fishers submit that the annual deemed value for TRE2 and TRE7 should be increased to \$1.24/kg to match the annual deemed value rate in TRE1. Non Commercial Fishers submit that differential deemed values should be used in TRE1, TRE2 and TRE7.
- 290 **SeaFIC** supports leaving the annual deemed value rate for TRE2 unchanged. SeaFIC does not support the aggressive differential deemed value rates proposed in the IPP until the TRE2 TACC is reviewed. SeaFIC recommends that the TRE2 annual deemed value rate remains at \$0.92/kg, the interim deemed value rate is set at \$0.82/kg and that differential deemed value rates begin at catch 20% above ACE holdings at \$1.80/kg.

Blue warehou: WAR3 & WAR7

- 291 **AFL** supports the increase in the deemed value rates for WAR3 to match those of WAR7 and the introduction of higher differential deemed value rates although AFL recommends that the differential deemed value rates for WAR3 and WAR7 are set at \$1.12/kg for catch 10% above ACE holdings, \$1.35/kg for catch 20% above ACE holdings and \$5.00/kg for catch 30% or more above ACE holdings.
- 292 **Challenger** does not support the proposed deemed value rates for WAR7. Challenger submits there is no significant over-catch in this fishery and a review of the deemed value rates is not required at this time.
- 293 **SeaFIC** supports the increasing the in the annual deemed value rates for WAR3 to match those of WAR7 and the application of higher differential deemed value rates but not to the levels proposed by MFish in the IPP. SeaFIC recommends that for WAR3 and WAR7 the annual deemed value is set at \$0.90/kg, the interim deemed value rate is set at \$0.80/kg and that differential deemed value rates begin at catch 20% above ACE holdings at \$1.80/kg.
- 294 **South East Finfish** supports an increase in the deemed value for WAR3 to bring it inline with other WAR stocks so that the opportunity to profit from overfishing WAR3 is removed. South East Finfish also supports the establishment of an AMP in WAR3.

White warehou: WWA3, WWA4 & WWA7

- 295 **AFL** and **SeaFIC** support leaving the annual and interim deemed value rates for WWA3, WWA4 and WWA7 unchanged but recommends that that differential deemed value rates should be used in these fisheries. **AFL** recommends that the following differential deemed value rates are applied; at \$1.24/kg for catch 20% above ACE holdings, \$1.44/kg for catch 40% above ACE holdings and \$5.00/kg for catch 60% or more above ACE holdings.
- 296 **SeaFIC** recommends that the differential deemed value rate should apply to all catch that is 105% in excess of ACE holdings at a rate of \$2.05 per kg.
- 297 **Challenger** submits that the TACC of WWA7 should be reviewed before adjustment is made to the stocks deemed value rates.

Longfin & shortfin eels: LFE & SFE

- 298 **AFL** and **SeaFIC** support leaving the deemed value rates for LFE and SFE unchanged.

Oyster: OYS7C

- 299 **AFL** and **SeaFIC** support leaving the deemed value rates for OYS7C unchanged.

Oreo: OEO1

- 300 **AFL** and **SeaFIC** support leaving the deemed value rates for OEO1 unchanged.

Snapper: SNA1

- 301 **AFL** and **SeaFIC** support leaving the deemed value rates for SNA1 unchanged.

Arrow Squid: SQU1T

- 302 **AFL** and **SeaFIC** support leaving the deemed value rates for SQU1T unchanged.

Section Three

Submissions

SUBMISSIONS

57



31st July 2007

Ministry of Fisheries
P O Box 1020
WELLINGTON

Attention: Tracey Steel (Tracey.Steel@fish.govt.nz)

Dear Tracey,

Review of Sustainability Measures and Other Management Controls for the 2007/2008 Fishing Year

Please find submissions made on behalf of the Anton's Group:

Anton's Seafoods Limited
Anton's Trawling Company Limited
Esperance Fishing Company Limited, and
Ormeagan Developments Limited.

We respond point by point to the IPP on the following issues:

1. ORH1
2. Drumed Values
3. RBY8

1. **Orange Roughy 1 (ORH1).**

- A. The above Companies support Option 1 in the IPP which retains the current TACC and reject any proposition that a cut in TAC/TACC is necessary.
- B. The above Companies support in entirety the submissions made by the ORH1 EFC and SeaFic in respect of ORH1.

Background

- Anton's Seafoods Limited (ASL), Anton's Trawling Co. Ltd. (ATL), Esperance Fishing Company Limited (ESF) and Ormeagan Developments Limited (ODL) have been involved in the Orange Roughy 1 fishery since 1993 and are committed to the development and long term sustainable utilisation of this Fishery.

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