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Manatū Ahu Matua

Review of deemed value rates for inshore and deepwater stocks for 1 October 2013

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Requests for further copies should be directed to:

Publications Logistics Officer
Ministry for Primary Industries
PO Box 2526
WELLINGTON 6140

Email: brand@mpi.govt.nz
Telephone: 0800 00 83 33
Facsimile: 04-894 0300

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INTRODUCTION

1. The purpose of this paper is to outline proposed changes to deemed value rates for inshore and deepwater stocks managed under the Quota Management System (QMS). The Ministry for Primary Industries (MPI) seeks your written feedback on these proposals and any additional information of relevance to the issues under consideration. After reviewing tangata whenua and stakeholders' submissions, MPI will compile a Final Advice Paper for the Minister for Primary Industries (the Minister), outlining recommendations and submitters' views on the issues under review. Any changes resulting from the Minister's decisions will apply from the start of the next fishing year for these stocks, 1 October 2013.

SUMMARY

2. This paper outlines MPI's initial proposals on deemed value rate changes for inshore and deepwater stocks, to apply from 1 October 2013. Tangata whenua and stakeholders are invited to provide their views on these proposals and any additional information that the Minister should consider when setting deemed value rates for inshore and deepwater stocks. Updated and accurate information from industry on port prices for the stocks under review would be particularly useful. Although no deemed value rate changes are currently proposed, MPI also invites stakeholders to provide updated and accurate port price information for SNA8, which could inform future reviews of deemed value rates for that stock. Tangata whenua and stakeholder views and information will then be included in final advice to the Minister for Primary Industries.

3. The deemed value framework is set out in s 75 of the Fisheries Act 1996 (the Act). The purpose of the framework is to encourage commercial fishers to balance their catch with Annual Catch Entitlement (ACE), while not discouraging them from landing and accurately reporting catch. The incentives provided by the framework are aimed at protecting the long term value of the resource and are consistent with kaitiakitanga. The application of this framework is explained in detail in MPI's Deemed Value Guidelines (the Guidelines).[1]

4. The proposed deemed value rate changes for inshore and deepwater stocks from 1 October 2013, having regard to the Act and to the Guidelines, are summarised in Table 1. One of the guidelines states that interim deemed value rates should generally be set at 90% of the annual deemed value rates to encourage fishers to balance catch with ACE throughout the year.

[1] A copy of the Guidelines is available at http://www.mpi.govt.nz/news-resources/publications.aspx

Table 1: Current and proposed deemed value rates for inshore and deepwater stocks

Species	Stock	Current deemed value rates /kg			Proposed deemed value rates /kg		
		Interim	Annual	Differential[2]	Interim	Annual	Differential
Elephant fish	ELE1	$ 0.24	$ 0.48	Standard schedule	$ 1.35	$ 1.50	Standard schedule
	ELE2	$ 0.84	$ 1.67		$ 1.35	$ 1.50	
	ELE3	$ 1.40	$ 1.65		$ 1.50	$ 1.65	
	ELE5	$ 1.40	$ 1.65		$ 1.50	$ 1.65	
	ELE7	$ 0.58	$ 1.16		$ 1.50	$ 1.65	
Kingfish	KIN1	$ 4.45	$ 8.90	Standard schedule	$ 8.00	$ 8.90	Standard schedule
	KIN2	$ 2.46	$ 4.92		$ 8.00	$ 8.90	
	KIN3	$ 4.45	$ 8.90		$ 8.00	$ 8.90	
	KIN4	$ 4.45	$ 8.90		$ 8.00	$ 8.90	
	KIN7	$ 4.45	$ 8.90		$ 8.00	$ 8.90	
	KIN8	$ 4.45	$ 8.90	Starting at 20% over catch but steeper	$ 8.00	$ 8.90	Starting at 20% over catch but steeper
Leatherjacket	LEA1	$ 0.12	$ 0.23	*Do not apply*	$ 0.40	$ 0.45	Standard schedule
	LEA2	$ 0.12	$ 0.23		$ 0.40	$ 0.45	
	LEA3	$ 0.23	$ 0.45	Standard schedule	$ 0.40	$ 0.45	Starting at 20% over catch but flatter
	LEA4	$ 0.12	$ 0.23	*Do not apply*	$ 0.40	$ 0.45	Standard schedule
Skate (rough and smooth)	RSK1	$ 0.22	$ 0.44	Standard schedule	$ 0.32	$ 0.35	Standard schedule
	RSK3	$ 0.15	$ 0.30		$ 0.32	$ 0.35	
	RSK7	$ 0.22	$ 0.44		$ 0.32	$ 0.35	
	RSK8	$ 0.22	$ 0.44		$ 0.32	$ 0.35	
	SSK1	$ 0.22	$ 0.44		$ 0.32	$ 0.35	
	SSK3	$ 0.15	$ 0.30		$ 0.32	$ 0.35	
	SSK7	$ 0.22	$ 0.44		$ 0.32	$ 0.35	
	SSK8	$ 0.22	$ 0.44		$ 0.32	$ 0.35	
Sea perch	SPE1	$ 0.63	$ 1.25	Standard schedule	$ 0.50	$ 0.55	Standard schedule
	SPE2	$ 0.08	$ 0.15		$ 0.50	$ 0.55	
	SPE3	$ 0.08	$ 0.15		$ 0.50	$ 0.55	
	SPE4	$ 0.08	$ 0.15		$ 0.36	$ 0.40	
	SPE4 (CI)	$ 0.04	$ 0.08	*Do not apply*			
	SPE5	$ 0.12	$ 0.24		$ 0.36	$ 0.40	
	SPE6	$ 0.12	$ 0.24		$ 0.36	$ 0.40	
	SPE7	$0.13	$ 0.25	Standard Schedule	$ 0.50	$ 0.55	
	SPE8	$ 0.12	$ 0.24	*Do not apply*	$ 0.50	$ 0.55	
	SPE9	$ 0.12	$ 0.24		$ 0.50	$ 0.55	
Stargazer	STA1	$ 0.28	$ 0.56	Standard schedule	$ 0.90	$ 1.00	Standard schedule
	STA2	$ 0.34	$ 0.68		$ 0.90	$ 1.00	
	STA3	$ 0.45	$ 0.90		$ 0.90	$ 1.00	
	STA4	$ 0.51	$ 1.01		$ 0.90	$ 1.00	
	STA4 (CI)	$ 0.36	$ 0.72				
	STA5	$ 0.51	$ 1.01		$ 0.90	$ 1.00	
	STA7	$ 1.31	$ 1.45		$ 0.90	$ 1.00	
	STA8	$ 1.21	$ 1.22		$ 0.90	$ 1.00	

[2] Under a standard differential deemed value rate schedule (standard schedule) the applicable deemed value rate increases by 20% for every 20% of catch in excess of ACE holdings, up to a maximum 100% increase for all catch 100% or more in excess of ACE holdings.

CONTEXT

The deemed value framework

5. The purpose of the deemed value framework is to encourage commercial fishers to balance their catch with ACE while not discouraging them from landing and accurately reporting catch. The intent is to protect the long term value of stocks and to support kaitiakitanga by encouraging the overall commercial catch for each QMS stock not to exceed the total available ACE and/or the Total Allowable Commercial Catch (TACC). The effectiveness of this incentive is dependent on individual fishers' compliance with landing and reporting requirements, their responses to the incentives provided and on the impact of other incentives such as those created by market conditions.

6. The catch balancing regime is a key fisheries management tool contributing to both sustainability and utilisation objectives. Sustainability objectives are achieved as deemed value rates encourage fishers to balance catch with ACE and, in doing so, encourage harvesting to remain within the TACC. Incorrectly set deemed value rates may lead to catches in excess of the TACC (i.e. if set too low), which may have negative implications for sustainability and the long-term value of the resource. Likewise, incorrectly set deemed value rates may also discourage landing and accurate reporting (i.e. if set too high). These types of behaviour undermine sustainability and utilisation objectives.

7. Utilisation objectives are achieved by providing flexibility for commercial operators to manage unexpected and small amounts of catch in excess of ACE through periodic catch balancing. In the long-term, the sustainability implications that may result from over catching could eventually result in TACC reductions, which may also impact on utilisation objectives, the long term value of the resource and kaitiakitanga.[3]

8. A common criticism of the deemed value framework is that some TACCs are not set correctly (e.g. too low or mismatch between target and key bycatch species) and that for some species bycatch is unavoidable, and therefore that deemed values mainly create incentives to illegally discard fish. Sustainability concerns and use opportunities or constraints, including issues with TACCs, are identified through MPI's annual fisheries planning process, in discussion with tangata whenua and stakeholders.

9. Nonetheless, setting of deemed value rates is a separate process from setting TACCs and the adequacy of the TACC is not a matter that the Minister should consider when setting deemed

[3] Interim deemed value rates are charged each month to commercial fishers for every kilogram of fish landed in excess of ACE. If the fisher sources enough ACE to cover his or her catch, the interim rates paid are reimbursed. If the fisher does not source enough ACE by the end of the fishing year, the difference between the interim and annual deemed value rates is charged for all catch in excess of ACE. Therefore, the annual rate applies at the end of the fishing year only.

Differential deemed value rates, if applicable, are also charged at the end of the fishing year if the fisher harvested well in excess of his or her ACE holdings. For example, differential deemed value rates are charged for catch of more than 20% in excess of ACE, when the standard differential deemed value rate schedule (standard schedule) applies. Differential rates reflect the increasingly detrimental impact of higher levels of over catch on sustainability and on the long term value of the resource, providing stronger incentives to avoid over catch. For vulnerable or rebuilding stocks, a more stringent differential deemed value schedule (e.g. applying from 5% or 10% over catch) may be more appropriate than the standard schedule.

value rates.[4] Every year MPI reviews TACCs, prioritising stocks based on available information and tangata whenua and stakeholder input. The deemed value rate changes proposed in this paper are aimed at protecting the TACC, regardless of the level at which it is set, by encouraging balancing of catch with ACE while avoiding creating incentives to dump and misreport. Furthermore, the proposed changes to deemed value rates are intended to provide stronger incentives for fishers to report catch correctly.

The Act and the deemed value guidelines

10. Section 75(1) of the Act requires the Minister to set deemed value rates for all stocks managed under the QMS. Section 75(2)(a) requires the Minister, when setting deemed value rates, to take into account the need to provide an incentive for every commercial fisher to acquire or maintain ACE that is not less than the fisher's total catch of each stock taken.

11. Section 75(2)(b) allows the Minister, when setting deemed value rates, to have regard to:

- the desirability of commercial fishers landing catch for which they do not have ACE,
- the market value of ACE,
- the market value of the stock,
- the economic benefits obtained by the most efficient fisher, licensed fish receiver, retailer or any other person from the taking, processing or sale of the fish or associated with the fish,
- the extent to which the catch of that stock has exceeded or is likely to exceed the TACC for the stock in any year; and
- any other matters that the Minister considers relevant.

12. The practical application of these statutory criteria is set out in the Guidelines, which are summarised below:

- deemed value rates must generally be set between the ACE price and the port price,
- deemed value rates must generally exceed the ACE price by transaction costs,
- deemed value rates must avoid creating incentives to misreport,
- deemed value rates for constraining bycatch species may be higher,
- deemed value rates must generally be set at twice the port price for high value single species fisheries and species subject to international catch limits,
- deemed value rates for Chatham Island landings may be lower,
- interim deemed value rates must generally be set at 90% of the annual deemed value rate; and
- differential deemed value rates must generally be set.

[4] *Pacific Trawling Limited & Independent Fisheries Limited v Minister of Fisheries, High Court, Napier Registry, 29 August 2008, CIV 2007-441-1016, Priestley J.*

13. MPI has adopted the approach of reviewing deemed value rates of all stocks of a particular species at the same time to ensure consistent and proactive incentives are provided, while taking into account regional differences. Furthermore, the Guidelines outline that MPI will generally propose to set deemed value rates for stocks in Fisheries Management Area 10 (Kermadec) at the higher of the rates applicable in Fisheries Management Area 1 or 2 (Auckland East and Central).

ANALYSIS

Review of deemed value rates

14. The stocks for which deemed value rates are being reviewed are set out in Table 2. Before determining which stocks to review deemed value rates for, MPI:

    - invited the fishing industry to nominate stocks for deemed value rate reviews, in the context of discussions as part of the annual fisheries planning process for inshore and deepwater fisheries; and
    - assessed relevant information available for inshore and deepwater stocks against the Guidelines; this information is summarised in Table 3.

Table 2: Species for which deemed value rates are being reviewed

Species	Rationale for review
Elephant fish	- Current deemed value rate higher than reported port price (ELE2) - 7% over catch in 2011/12 (ELE3) - 13% over catch in 2011/12 (ELE5) - 28% over catch in 2011/12 (ELE7)
Kingfish	- 117% over catch in 2011/12 and concurrent TAC review (KIN7) - 60% over catch in 2011/12 (KIN8) - 43% over catch already reported for 2012/13 (KIN3), although current TACC is 1 tonne
Leatherjacket	- 27% over catch in 2011/12 and concurrent TAC review (LEA3)
Skate (rough and smooth)	- 96% over catch in 2011/12 and current deemed value rate higher than port price (RSK8) - 25% over catch in 2011/12 (SSK8)
Sea perch	- 50% over catch in 2011/12, concurrent TAC review and current deemed value rate higher than port price (SPE1) - Recent over catches (SPE7) - Current deemed value rates relatively low in comparison to port price (SPE2,3, 4, 8,9)
Stargazer	- 27% over catch in 2011/12 (STA1), which may be influenced by misreporting of non-QMS stargazer species as the giant stargazer, which is in the QMS - Current deemed value rate is higher than port price (STA7)

Table 3: Information that informed the proposed deemed value rates

Species	Stock	Catch > TACC 11/12	Catch > Total ACE 11/12	2013 reported port price/kg[5]	11/12 ACE price/kg	11/12 deemed value invoices
Elephant fish	ELE1			$ 2.40	$ 0.12	-
	ELE2			$ 1.54	$ 0.53	$ 59.54
	ELE3	7.4%	5.7%	$ 2.26	$ 0.77	$ 156,587.62
	ELE5	12.5%	12.3%	$ 2.00	$ 0.71	$ 55,874.24
	ELE7	27.5%	20.9%	$ 2.08	$ 0.61	$ 39,103.06
Kingfish	KIN1			$ 5.82	$ 2.01	$ 1,268.32
	KIN2			$ 3.74	$ 1.24	$ 155.03
	KIN3			$ 2.26	-	$ 21.29
	KIN4			$ 5.10	-	-
	KIN7	116.5%	101.0%	$ 2.11	$ 3.84	$ 126,762.52
	KIN8	59.2%	58.2%	$ 5.32	$ 4.84	$ 452,404.81
Leatherjacket	LEA1			$ 0.57	$ 0.13	$ 201.28
	LEA2			$ 0.74	$ 0.07	$ 0.53
	LEA3	26.7%	22.3%	$ 0.72	$ 0.16	$ 24,934.95
	LEA4			$ 0.74	-	-
Skate (rough and smooth)	RSK1			$ 0.60	$ 0.12	$ 1,024.18
	RSK3			$ 0.48	$ 0.14	$ 418.29
	RSK7			$ 0.51	$ 0.17	$ 639.42
	RSK8	96.0%	95.9%	$ 0.39	$ 0.24	$ 15,494.93
	SSK1			$ 0.48	$ 0.16	$ 1,729.31
	SSK3			$ 0.45	$ 0.15	$ 3.45
	SSK7			$ 0.58	$ 0.18	$ 1,895.84
	SSK8	35.5%	25.2%	$ 0.47	$ 0.16	$ 5,793.32
Sea perch	SPE1	52.1%	49.9%	$ 0.65	$ 0.46	$ 37,428.48
	SPE2			$ 0.76	$ 0.07	$ 220.73
	SPE3			$ 0.65	$ 0.08	$ 1,431.20
	SPE4			$ 0.59	$ 0.07	$ 24.84
	SPE5			$ 0.43	$ 0.08	$ 36.16
	SPE6			$ 0.65	$ 0.08	$ 10.76
	SPE7	0.3%		$ 0.76	$ 0.09	$ 499.71
	SPE8			$ 0.68	$ 0.10	$ 6.07
	SPE9			$ 1.55	$ 0.09	$ 67.07
Stargazer	STA1	33.6%	26.5%	$ 1.24	$ 0.33	$ 4,347.44
	STA2			$ 1.45	$ 0.35	$ 76.95
	STA3			$ 1.22	$ 0.27	$ 114.89
	STA4			$ 1.21	$ 0.43	-
	STA5	1.9%		$ 1.30	$ 0.48	$ 7,396.57
	STA7	1.4%		$ 1.21	$ 0.61	$ 10,069.30
	STA8			$ 1.53	$ 0.44	$ 441.61

15. The following sections outline the analysis and proposed deemed value rate changes for each stock reviewed.

[5] Reported port prices are the average price for green weight fish of each stock reported to be paid to independent fishers by licensed fish receivers (LFRs). These values ignore differences in size, quality and state of fish landed (i.e. fishing method), location of landings, seasonal price variations, deductions that fishers may pay to LFRs from time to time and price differentials for vertically integrated fishing companies. Reported port prices are therefore an indicator of limited reliability. In general, real port prices for average size and quality fish landed in the main ports by independent fishers would tend to be higher than the average prices reported by LFRs.

Elephant fish

16. Elephant fish is mainly caught by bottom trawl, set net and Danish seine, as both bycatch and a target species.

17. MPI proposes that deemed value rates for elephant fish be adjusted as outlined in Table 4. The proposed rate for ELE2 is more consistent with port prices and would provide a stronger incentive for fishers to balance their catch with ACE. In addition, increased deemed value rates are proposed for ELE7, for which there has been over catch. Together, these changes should encourage the balancing of catch with ACE while avoiding the creation of incentives to discard and misreport.

Table 4: Current and proposed deemed value rates/kg for elephant fish stocks

	Stock	Interim	Annual	Differential (standard schedule)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	ELE1	$ 0.24	$ 0.48	$ 0.58	$ 0.67	$ 0.77	$ 0.86	$ 0.96
	ELE2	$ 0.84	$ 1.67	$ 2.00	$ 2.34	$ 2.67	$ 3.01	$ 3.34
	ELE3	$ 1.40	$ 1.65	$ 1.98	$ 2.31	$ 2.64	$ 2.97	$ 3.30
	ELE5	$ 1.40	$ 1.65	$ 1.98	$ 2.31	$ 2.64	$ 2.97	$ 3.30
	ELE7	$ 0.58	$ 1.16	$ 1.39	$ 1.62	$ 1.86	$ 2.09	$ 2.32
Proposed	ELE1	$ 1.35	$ 1.50	$ 1.80	$ 2.10	$ 2.40	$ 2.70	$ 3.00
	ELE2	$ 1.35	$ 1.50	$ 1.80	$ 2.10	$ 2.40	$ 2.70	$ 3.00
	ELE3	$ 1.50	$ 1.65	$ 1.98	$ 2.31	$ 2.64	$ 2.97	$ 3.30
	ELE5	$ 1.50	$ 1.65	$ 1.98	$ 2.31	$ 2.64	$ 2.97	$ 3.30
	ELE7	$ 1.50	$ 1.65	$ 1.98	$ 2.31	$ 2.64	$ 2.97	$ 3.30

Kingfish

18. Kingfish is primarily taken as a bycatch species and is caught most frequently by bottom trawl, set net, bottom longline, and mid-water trawl. It is also taken as a target species in set net fisheries, although in considerably smaller numbers.

19. Schedule 6 of the Act allows the return of live kingfish to the water as long as it is likely to survive and is returned as soon as practicably possible. Generally, kingfish taken by set net may not be returned to the water. Despite this, high over catch is still reported in some areas. This may be influenced by high port prices as anecdotal evidence suggests that port prices for kingfish are higher than those reported.

20. High port prices may provide incentives for fishers to over catch despite needing to pay deemed values. MPI proposes to raise the annual deemed value rate for KIN2 and maintain annual deemed values for other stocks above the reported port price as anecdotal information indicates these reported port prices may be low. Nonetheless, previous Ministers have set deemed value rates for kingfish above its reported port price, recognising the significance of the stock to the recreational sector. MPI proposes to maintain this approach, as summarised in Table 5. In addition, MPI proposes increases to bring interim deemed value rates up to 90% of the annual

deemed value rates in accordance with the Guidelines. These changes are intended to encourage fishers to balance catch with ACE and return live kingfish to the water when possible.

21. Steeper differential rates for KIN7 are proposed to match those of KIN8 due to the considerable amount of over catch in this stock. Despite the TACC for KIN7 being reviewed, an adjustment to the differential deemed value rates would help to encourage fishers to balance catch with ACE and avoid creating incentives to dump and misreport.

Table 5: Current and proposed deemed value rates/kg for kingfish stocks

	Stock	Interim	Annual	Differential (standard schedule, except KIN7 and KIN8)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	KIN1	$ 4.45	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN2	$ 2.46	$ 4.92	$ 5.90	$ 6.89	$ 7.87	$ 8.86	$ 9.84
	KIN3	$ 4.45	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN4	$ 4.45	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN7	$ 4.45	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>50%*	*>60%*	*>70%*
	KIN8	$ 4.45	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
Proposed		*Over catch*	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
	KIN1	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN2	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN3	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN4	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>50%*	*>60%*	*>70%*
	KIN7	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80
	KIN8	$ 8.00	$ 8.90	$ 10.68	$ 12.46	$ 14.24	$ 16.02	$ 17.80

Leatherjacket

22. Leatherjacket is mainly caught by bottom trawl, Danish seine, and bottom pair trawl, as bycatch and as a target species.

23. MPI proposes to adjust deemed value rates for leatherjacket as outlined in Table 6. proposed adjustments to LEA 1, 2, and 4, would bring deemed value rates to an equal value between adjacent stocks. These changes would encourage the balancing of catch with ACE while avoiding the creation of incentives to discard and misreport.

24. Flatter differential rates are proposed for LEA 3 to reduce incentives to discard or misreport and to further encourage fishers to land and balance catch with ACE. This would provide better incentives for fishers to report fish caught in LEA 3 correctly. MPI believes that discarding and non-reporting of leatherjacket in LEA 3 taken as bycatch in the East Coast South Island (ECS I) bottom trawl fishery is a relatively common occurrence.

25. This is due to:

- reported increasing abundance of the stock;

- being largely unavoidable bycatch in a mixed-species fishery (targeting red cod, flatfish, stargazer and spiny dogfish); and
- current differential deemed value rates exceeding port prices.

26. Being a stock for which there is very limited information, the non-reporting and discarding of leatherjacket bycatch is a risk to the sustainability of LEA 3 as it reduces the accuracy of information needed for stock assessment (catch levels, catch per unit of effort and biological data collection). It is also a lost utilisation opportunity, given that there would be a market for this fish if landed. The economic and sustainable health of LEA 3 is of significant interest to stakeholders of the ECS I bottom trawl fishery as this stock is a major bycatch in this fishery. One potential risk of the proposed approach is that some fishers may deliberately increase catch of leatherjacket by fishing areas where catches are higher in relation to the target species. This risk would be monitored and further adjustments to deemed value rates proposed if necessary.

27. MPI acknowledges that this approach differs from that taken for most other stocks. However, MPI invites tangata whenua and stakeholder comment and notes that this arrangement would be temporary, until sufficient information is gathered to enable a better assessment of the status of the stock.

Table 6: Current and proposed deemed value rates/kg for leatherjacket stocks

	Stock	Interim	Annual	Differential (standard schedule, except proposed LEA3)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	LEA1	$ 0.12	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23
	LEA2	$ 0.12	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23
	LEA3	$ 0.23	$ 0.45	$ 0.54	$ 0.63	$ 0.72	$ 0.81	$ 0.90
	LEA4	$ 0.12	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23
Proposed	LEA1	$ 0.40	$ 0.45	$ 0.54	$ 0.63	$ 0.72	$ 0.81	$ 0.90
	LEA2	$ 0.40	$ 0.45	$ 0.54	$ 0.63	$ 0.72	$ 0.81	$ 0.90
	LEA3	$ 0.40	$ 0.45	$ 0.50	$ 0.55	$ 0.60	$ 0.65	$ 0.70
	LEA4	$ 0.40	$ 0.45	$ 0.54	$ 0.63	$ 0.72	$ 0.81	$ 0.90

Skate (rough and smooth)

28. Rough skate is mainly taken as bycatch by bottom trawl, Danish seine, and bottom longline. Smooth skate is primarily a bycatch species caught by bottom trawl and bottom longline.

29. Schedule 6 of the Act allows the return of live smooth and rough skate to the water as long as skates are likely to survive and are returned as soon as practicably possible after they are taken. Despite this, over catch is still reported.

30. MPI understands that there may be frequent misreporting of skate species. MPI proposes to lower the deemed value rate for RSK8 and SSK8, each of which experienced considerable over catch, to encourage fishers to return live skate where possible and balance catch with ACE. MPI further proposes to reduce deemed value rates for RSK8 as they are currently higher than the reported port price. These changes are aimed at providing better incentive for fishers to identify species

correctly. Additionally, the proposed adjustments outlined in Table 7 would align deemed value rates in different management areas and reduce incentive to misreport the catch area.

Table 7: Current and proposed deemed value rates/kg for skate stocks (rough and smooth)

	Stock	Interim	Annual	Differential (standard schedule)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	RSK1	$ 0.22	$ 0.44	$ 0.44	$ 0.53	$ 0.62	$ 0.70	$ 0.79
	RSK3	$ 0.15	$ 0.30	$ 0.30	$ 0.36	$ 0.42	$ 0.48	$ 0.54
	RSK7	$ 0.22	$ 0.44	$ 0.44	$ 0.53	$ 0.62	$ 0.70	$ 0.79
	RSK8	$ 0.22	$ 0.44	$ 0.44	$ 0.53	$ 0.62	$ 0.70	$ 0.79
	SSK1	$ 0.22	$ 0.44	$ 0.44	$ 9.90	$ 0.62	$ 0.70	$ 0.79
	SSK3	$ 0.15	$ 0.30	$ 0.30	$ 0.36	$ 0.42	$ 0.48	$ 0.54
	SSK7	$ 0.22	$ 0.44	$ 0.44	$ 0.53	$ 0.62	$ 0.70	$ 0.79
	SSK8	$ 0.22	$ 0.44	$ 0.44	$ 0.53	$ 0.62	$ 0.70	$ 0.79
Proposed	RSK1	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	RSK3	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	RSK7	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	RSK8	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	SSK1	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	SSK3	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	SSK7	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70
	SSK8	$ 0.32	$ 0.35	$ 0.42	$ 0.49	$ 0.56	$ 0.63	$ 0.70

Sea perch

31. Sea perch is mainly caught by bottom trawl and bottom longline as a bycatch species and as a target species.

32. MPI proposes to adjust the deemed value rates as outlined in Table 8. These adjustments would bring the deemed value rates in line with reported port prices, as the annual deemed value rate for SPE1 is currently higher than the reported port price, whereas deemed value rates for SPE2, 3, 4, 8, and 9 are relatively low compared to their reported port prices. In addition, there has been high over catch for SPE1 and the TACC is currently up for review. In previous years, there has been over catch for SPE7 too. The proposed changes are expected to reduce incentives to discard or misreport and encourage fishers to balance their catch with ACE.

33. There currently are Chatham Island-specific deemed value rates for landings of SPE4. However, very few landings have occurred in recent years. Instead of proposing an increase to these rates, MPI is proposing to remove the Chatham Island-specific deemed value rates. The normal proposed rates for SPE4 would apply to Chatham Island landings.[6]

[6] The Act and the Guidelines provide for lower deemed value rates for Chatham Island landings, recognising the unique economic challenges for businesses based in the Chatham Islands.

Table 8: Current and proposed deemed value rates/kg for sea perch stocks

	Stock	Interim	Annual	Differential (standard schedule)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	SPE1	$ 0.63	$ 1.25	$ 1.50	$ 1.75	$ 2.00	$ 2.25	$ 2.50
	SPE2	$ 0.08	$ 0.15	$ 0.18	$ 0.21	$ 0.24	$ 0.27	$ 0.30
	SPE3	$ 0.08	$ 0.15	$ 0.18	$ 0.21	$ 0.24	$ 0.27	$ 0.30
	SPE4	$ 0.08	$ 0.15	$ 0.18	$ 0.21	$ 0.24	$ 0.27	$ 0.30
	SPE4 (Chatham's)	$ 0.04	$ 0.08	*Do not apply (i.e. same rate as annual rate)*				
	SPE5	$ 0.12	$ 0.24					
	SPE6	$ 0.12	$ 0.24					
	SPE7	$ 0.13	$ 0.25	$ 0.30	$ 0.35	$ 0.40	$ 0.45	$ 0.50
	SPE8	$ 0.12	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24
	SPE9	$ 0.12	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24	$ 0.24
Proposed	SPE1	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10
	SPE2	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10
	SPE3	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10
	SPE4	$ 0.36	$ 0.40	$ 0.48	$ 0.56	$ 0.64	$ 0.72	$ 0.80
	SPE5	$ 0.36	$ 0.40	$ 0.48	$ 0.56	$ 0.64	$ 0.72	$ 0.80
	SPE6	$ 0.36	$ 0.40	$ 0.48	$ 0.56	$ 0.64	$ 0.72	$ 0.80
	SPE7	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10
	SPE8	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10
	SPE9	$ 0.50	$ 0.55	$ 0.66	$ 0.77	$ 0.88	$ 0.99	$ 1.10

Snapper

34. Although no deemed value rate changes are currently proposed, MPI has received anecdotal information about changes in the port price for SNA8, which could lead to future proposed changes to deemed value rates. Deemed value rates for SNA8 were reviewed last year. Following consultation, MPI recommended a decrease in the annual deemed value rate for SNA8 from $8 to $6/kg, to recognise that port prices for SNA8 were lower in Taranaki than in Auckland, even though the majority of the catch is actually landed in Auckland.

35. Higher differential deemed value rate changes applying from 5% over catch were also recommended for SNA8 to further encourage balancing of catch with ACE, discouraging higher levels of over catch beyond incidental catches and avoiding creating incentives to misreport between SNA1 and SNA8 at higher levels of over catch.

36. Setting deemed value rates for SNA8 is challenging due to the apparent differences in port price for the stock depending on the port of landing. The 2013 reported port price for SNA8 is $5.70/kg. MPI invites industry stakeholders to comment on the accuracy of this port price and provide additional detailed information about real port prices for SNA8, which could inform future reviews of deemed value rates.

Stargazer

37. Stargazer is mainly caught by bottom trawl and set net as a bycatch species and as a target species.

38. Current deemed value rates for STA7 are higher than the reported port price. MPI understands that over catch reported for STA1 may be influenced by species misreporting (e.g. incorrectly reporting brown and spotted stargazer, which are not in the QMS, as Kathetostoma spp., which is in the QMS). MPI invites stakeholders to submit on the likely reasons behind the current over catch for STA1. The adjustments to deemed value rates outlined in Table 9 would provide better incentives for fishers to identify species correctly and balance their catch with ACE, while bringing interim deemed value rates to 90% of the annual deemed value rate in accordance with the Guidelines.

Table 9: Current and proposed deemed value rates/kg for stargazer stocks

	Stock	Interim	Annual	Differential (standard schedule)				
		Over catch	*0 - 20%*	*>20%*	*>40%*	*>60%*	*>80%*	*>100%*
Current	STA1	$ 0.28	$ 0.56	$ 0.67	$ 0.78	$ 0.90	$ 1.01	$ 1.12
	STA2	$ 0.34	$ 0.68	$ 0.82	$ 0.95	$ 1.09	$ 1.22	$ 1.36
	STA3	$ 0.45	$ 0.90	$ 1.08	$ 1.26	$ 1.44	$ 1.62	$ 1.80
	STA4	$ 0.51	$ 1.01	$ 1.21	$ 1.41	$ 1.62	$ 1.82	$ 2.02
	STA4 (Chatham's)	$ 0.36	$ 0.72	$ 0.86	$ 1.01	$ 1.15	$ 1.30	$ 1.44
	STA5	$ 0.51	$ 1.01	$ 1.21	$ 1.41	$ 1.62	$ 1.82	$ 2.02
	STA7	$ 1.31	$ 1.45	$ 1.74	$ 2.03	$ 2.32	$ 2.61	$ 2.90
	STA8	$ 1.21	$ 1.22	$ 1.46	$ 1.71	$ 1.95	$ 2.20	$ 2.44
Proposed	STA1	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA2	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA3	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA4	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA5	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA7	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00
	STA8	$ 0.90	$ 1.00	$ 1.20	$ 1.40	$ 1.60	$ 1.80	$ 2.00

39. There currently are Chatham Island-specific deemed value rates for landings of STA4. However, very few landings have occurred in recent years. Instead of proposing an increase to these rates, MPI is proposing to remove the Chatham Island-specific deemed value rates. The normal proposed rates for STA4 would apply to Chatham Island landings.