

27 July 2018

Mr D Bolger
Fisheries New Zealand
Ministry for Primary Industries
PO Box 10420
Wellington

cc Mr S Halley
Fisheries New Zealand
Ministry for Primary Industries
PO Box 10420
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Dear Dan

COMMENTS ON 2018/19 SUSTAINABILITY CONTROLS

1. Fisheries New Zealand (*FNZ*) has invited submissions on their proposed Sustainability Controls for 1 October 2018 stocks. This submission is presented on behalf of Fisheries Inshore New Zealand Ltd (*FINZ*). Any comments or queries should be directed to Oliver Wilson, Fisheries Inshore New Zealand.
2. Fisheries Inshore is the Sector Representative Entity for inshore finfish, pelagic and tuna fisheries in New Zealand. Its role is to deal with national issues on behalf of the sector and to work directly with, and behalf of, its quota owners, fishers and affiliated sector representative organisations. Its key outputs are:
 - a. developing appropriate policy frameworks, processes and tools to assist the sector to manage inshore, pelagic and tuna fishstocks more effectively;
 - b. minimising fishing interactions with protected species and the associated ecosystems; and
 - c. working positively with other fishers and users of marine space where we carry out our harvesting activities.
3. Responsibility for the implementation of these policies, processes and tools falls naturally on quota owners, fishers and Commercial Stakeholder Organisations (CSOs) who collectively choose the best ways to deal with issues in their regions. CSOs will generally deal with all matters pertaining to fishstocks in their region. Fisheries Inshore has the mandate to support this work where requested but does not have the ability to take on this work except where the fishery is managed as a single stock across the country. In that instance Fisheries Inshore must work with all the relevant quota owners, fishers and CSOs in developing appropriate measures and submissions.
4. Fisheries Inshore provides management services through regional committees to the quota owners of stocks in FMA1, 2, 8 and 9 and has a close relationship with Southern Inshore Fisheries Management Limited, who are also a member of FINZ.
5. We note that companies and other quota-holders may also make their own submissions on the proposals.

INTRODUCTORY COMMENTS

6. We have indicated previously our concerns with the management of the inshore finfish stocks and feel that we need to again raise those matters in this submission.

Lack of Consultation and Planning

7. At present, there is no formal Fisheries Plan and no Annual Operating Plan for the inshore finfish sector. Furthermore, there are no FNZ processes through which the management of those stocks can be discussed with stakeholders; including the development of management options for stocks in the sustainability round. This situation has persisted for several years and has contributed to the decline in management standards

for inshore stocks. Stakeholder discussions allow for the exchange of information and the collaborative development of consensus management frameworks for inshore stocks. While there are working groups to review the scientific analyses and reports to underpin inshore stock management, there are no management-focused working groups or stakeholder forums at which the content and management implications of those scientific reports can be discussed.

8. FNZ has been charged by the Minister to improve its communication with stakeholders. To that end, we consider that FNZ should implement quarterly regional meetings with stakeholders to discuss the management of the fishstocks and fisheries.

Presentation of options

9. Several the sustainability proposals are incomplete or lack of important information. These include:
 - FLA1 – the proposal is essentially to lower the TACC and look at the potential for implementing an in-season adjustment process. However there has been no analysis or development of an in-season management procedure for FLA1.
 - GLM9 – there is no indication of the extent of demand for spat from the aquaculture sector to inform the decision.
 - JDO1 – the proposal is said to be for sustainability reasons but i) JDO1 is not breaching either the soft or hard limit, and ii) JDO1 appears to be rebuilding in two of the three sub-stocks.
 - TAR1, 2, 3, 7, 8 – the proposed management options provided by FNZ lack the sophistication that we would expect for a fishery as important as TAR, and with the range of uncertainty and complexity involved. Industry is providing a specific TAR response.
 - Deemed values – the document lacks any fisheries management justification for the actions.
10. Stakeholders are unable to prepare informed submissions when the appropriate material is not provided in the consultation documents.

Use of un-published material

11. We note that a number of the proposals use information drawn from draft 2018 Plenary chapters presented to the working groups for their approval. The 2018 Plenary for October stocks has yet to be published but is usually available in May. Information presented to a working group but not published is confidential and not to be publicly used. Notwithstanding that requirement, FNZ has made selective use of non-published confidential information while not presenting the full Plenary draft to stakeholders for the consideration of the proposals.
12. We are concerned by the double standards being used by FNZ in this regard but have found it necessary to use the same material. The sustainability round must be informed by the Plenary document and we find the delay in the publication and availability of the information to be unacceptable.

Limited number of stocks to be reviewed

13. We have previously raised the issue of the number of inshore finfish stocks to be reviewed in the Sustainability round.
14. Excluding the Kermadec stocks and those with zero TACCs, there are 192 inshore finfish stocks. Of those stocks:
 - a. Most have not been reviewed since they were introduced into the QMS;
 - b. Four have been over-caught in each of the last 12 years;
 - c. 75 have been regularly over-caught in the last decade;
 - d. 56 have regularly been caught to within 95% of their TACC;
 - e. There are no accepted fisheries management approaches to the management of low information and low value stocks
 - f. 36 had 2016/17 catches in excess of the TACC, the 10 most over-caught stocks being:

OVERCAUGHT STOCKS			
Fishstock	TACC kg	Catch kg	Percentage overcaught
KIN3	1,000	3,527	253%
SSK8	20,000	45,867	129%
KIN7	15,000	26,736	78%
RSK8	21,000	37,070	77%
BNS3	93,000	156,265	68%
SSK1	37,000	55,667	50%
BNS7	34,000	50,773	49%
SPE9	6,000	8,859	48%
POR2	18,000	24,310	35%
BNS2	230,000	303,976	32%

- g. Only 23 stocks have had TAC/TACC reviews in the past 5 years;
 - h. Only 42 have had a change of TAC since their introduction to the QMS.
15. The industry has for a long time brought the issue of inappropriately set and managed TACCs to the attention of FNZ and its predecessors. Some of those concerns relate to initial TACCs being set with arbitrary reductions from previous reported catch levels, arbitrary splits of aggregated stocks such as skate and no recognition that many historical reported catches were exclusive of legal discards. Changes to TACCs for target stocks have often not been accompanied by increases to by-catch stocks. Changes in abundance have led to many TACCs being out of balance with each other and out of balance with the fish in the water.
 16. FNZ needs to establish a process to review the TAC/TACCs of many stocks before electronic monitoring is introduced. Reviewing 12 stocks a year is not going to allow for a smooth transition to an electronically monitored environment.

TAC/TACC REVIEWS

ELE3, JDO7, KIN3, SPO7, GUR3

17. Fisheries Inshore endorses Southern Inshore's submission on these stocks.

TAR 1, 2, 3, 7

18. Fisheries Inshore has provided comments on the proposed TAR deemed values in a separate TAR submission, prepared in conjunction with Te Ohu Kaimoana and the Southern Inshore.

GLM9

19. Fisheries Inshore has no mandate to represent this stock.

FLA1

20. This response is presented on behalf of FINZ's Northern Regional Committee that works directly with and on behalf of FLA1 quota owners.
21. There is a diversity of quota owner views associated with the Options provided in the consultation paper. For that reason, FINZ has not provided a position on any one Option and its submission instead focuses on the more fundamental concerns relating to the management of the FLA1 fishery. We note that companies and other quota-holders may also make their own submissions on the proposals and make specific reference to their preferred option as they consider appropriate.
22. This submission focuses on fundamental management issues which are addressed in four parts and covers:

- a. Appropriate spatial management
 - b. Stock status
 - c. In-season management procedures
 - d. Environmental factors
23. Overall the consultation document for FLA1 inadequate. It does not address fundamental fisheries management issues with the FLA1 stock. The consultation document proposes a “management event” not a “management process” that will ensure sustainable effective management of the fishery.
 24. We propose a wider review of the management processes and their effectiveness for FLA1 and more comprehensive engagement with stakeholders before any TAC/TACC decisions are made. This will ensure that appropriate time and consideration is given to the complexities and localised differences within this fishery.
 25. It is notable that there was no pre-consultation on FLA1. Had pre-consultation been conducted, wider discussions to better inform managers of the complexities of the FLA1 would have been possible.

Appropriate spatial management

26. We agree with the comment made by FNZ that the fisheries do not mix, as shown by tagging data, and agree that the FLA1 fisheries are indeed localised fisheries with disparate abundance trends at present.
27. The latest CPUE data in FLA1 demonstrate that there are different long-term trends in CPUE and the current trajectories in the fishery. For example, the long-term trend in the CPUE for Hauraki Gulf and Firth of Thames is reasonably flat with a recent increase (bottom row), whilst there are declines on the west coast but in recent years the trajectory has fluctuated such as the YBF in Manukau Harbour.

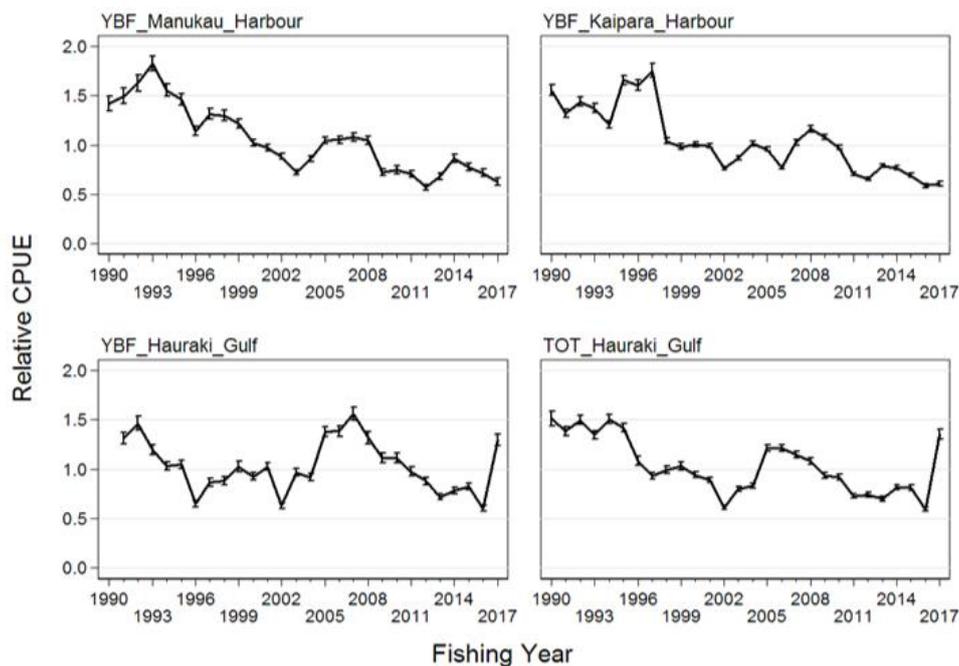


Figure 1: Standardised CPUE indices for yellow-belly flounder for each localised fishery and the total FLA in Hauraki Gulf. source: 2017 FLA Working Group report – draft (NINSWG-2018-13)

28. We consider that many fishers do not move their effort between the coasts in response to abundance variations. Managing FLA1 as one stock does not reflect the characteristics of the stock. It is important therefore not to make significant TAC/TACC decisions without having first resolved how the stock should be managed.
29. While FNZ has sought views on a review of the QMA boundaries, the consultation paper does not provide adequate information on potential management solutions as the basis for submitting in depth on that issue.

We do not agree at this time there should be an adjustment to stock boundaries. FNZ should be engaging proactively with stakeholders on the appropriate management approach which should include discussions on the spatial management of the fish stock.

Stock status

30. The assertion that the FLA1 stock as a whole is subject to a sustainability concern has been over-simplified and is not supported by any scientific evidence. The status of all sub-stocks is currently unknown. FNZ's own scientific peer review process noted that more information is required on these fisheries. Para 481 states there is "neither a proxy for B_{MSY} nor a target biomass level" for any of the localised fisheries of FLA1 nor FLA1 as a whole.
31. The stated sustainability concern is based on using a general decline in localised CPUE trends to imply that FLA1 as a whole is a sustainability concern. We acknowledge that only CPUE data are available but note that in paragraph 462 the Northern Inshore working group report on FLA1 it is stated that the CPUE in the Hauraki Gulf and Firth of Thames was described as having had "increased significantly since the last assessment" and the final index point being above the long-term series mean.¹
32. We are not advocating for managing on one data point, but nor do we accept that management decisions should be taken without accounting for the differences in the localised fisheries. We consider that assumed CPUE trends for a fishery, with an unknown status and no CPUE reference points, should not be used to make ill-informed management decisions.
33. FNZ note uncertainty when CPUE is increasing, yet in contrast, when CPUE is decreasing the same uncertainty is not discussed. The only reference is to uncertainty relates to a negative view on recruitment which does not provide a balanced document.²
34. Given the information available on stock status, and the differences in CPUE trends, it appears that the consultation is more about reducing the headroom in the fishery compared to addressing any sustainability risk. The FLA1 stock is not under a sustainability risk from current fishing levels. The Northern Inshore Working Group reporting that "Recent fishing intensity is relatively low in both of the west coast harbours while it sits near the series mean in the Hauraki Gulf series."³
35. For the reasons above, we do not consider that FNZ can characterise their proposal as a current sustainability concern where the level of utilisation is affecting the sustainability of the stock.

In-season management procedures

36. FNZ comments on FLA1 being on Schedule 2 of the Act, which allows for in-season increases. This is raised but no information is provided on whether the intention is to implement Schedule 2 for FLA1. This would require a management procedure to be developed for FLA1 and an annual process to be undertaken. However, the consultation document does not provide any detail on the science needed to develop this or the commitment required to implement an in-season management procedure. The FNZ proposals do propose to implement one part of an in-season management approach by reducing the headroom and providing the baseline but without addressing how the in-season review would be operated. We consider promoting only a partial solution to be unhelpful.
37. We have previously provided advice to FNZ on how such in-season approaches should be implemented. We would not favour setting the baseline at the mean – that would require an in-season analysis each year. If an in-season approach was developed, we would advocate setting the baseline at the maximum of recent catch or at a higher level such that the in-season process would only be implemented in years of abnormally high abundance rather than more frequently.
38. Equally there is no mention of the performance of existing management procedures. Currently these procedures have been severely and significantly compromised by the decision-making processes following the scientific analysis of in-season catch.
39. For example, the 2016/17 in-season management procedure for RCO2 took over 6 months, with no decision made until August. Similarly, the 2017/18 FLA3 decision to not pursue and in-season increase was

¹ Fisheries New Zealand consultation paper 2018/05 at [464].

² Fisheries New Zealand consultation paper 2018/01 at [462] and [484].

³ 2017 FLA Working Group report – draft (NINSWG-2018-13).

made only in May which was at least earlier than the increase in 2016/17 which came in September.⁴ This is not indicative of a management procedure that is working. Ministerial decisions for the current in-season management procedures are being made so late that industry have reduced time to act on the increased TACCs, thereby reducing the intended benefits of the process. Rather, it demonstrates the need address the shortcomings of the process before any discussion of implementing it for FLA1.

40. Further to this, we question how an in-season increase would work when there are three different CPUE indices? Is FNZ proposing to implement an in-season increase based on one generalised CPUE index or will some areas be constrained by other areas' CPUE? It is premature to discuss this until FNZ has better specified the required management and research and how this would be implemented.
41. The previous point merely serves to emphasise that the consultation document does not address the need for a different spatial and temporal approach to the management of FLA1. Instead, it makes generalisations across the whole of FLA1 without a considered management process to address these issues. This is apparent through the comments in the consultation paper that note there is a lack of information know about recruitment but does not provide any solutions to collect information to inform management of the fishery.

Environmental factors

42. FNZ acknowledge that environmental factors impact FLA1 fisheries and that they will monitor these impacts and potentially advocate for future work.
43. Whilst we acknowledge the mandate constraints here, FNZ should be actively engaged in these processes. The environmental impact on the FLA1 fishery is well stated by NIWA (McKenzie et al 2013) that acknowledged that any decreases in the FLA1 fishery are more likely as a result of others factors than fishing and noted an increase in eutrophication.⁵
44. If FNZ are concerned about the sustainability of the stock, it is reasonable to think that they will look to address the drivers that affect the fishery as a priority. It is not management to continue to constrain the utilisation of a fishery without ever addressing the primary drivers for a decline.
45. Additionally, the 2017 Working Group report noted that recent fishing intensity is relatively low in the localised fisheries, especially on the west coast. A reduction in the fishing intensity whilst CPUE has a slight declining trend for the west coast supports the fact that the primary sustainability drivers are environmental and need addressing.
46. For example, the weather in January this year flooded Kaiaua immediately finishing the flounder season in the Firth of Thames—meaning that catches dropped to about 10% of normal and the impacts remain for a long period of time. This demonstrates the need to address the environmental impacts on the FLA1 fishery such as decreasing water quality and increased sedimentation.
47. Research and engagement is needed to address recruitment uncertainties and environmental impacts on the fishery.

JDO1

48. This response is presented on behalf of the FINZ Northern Regional Committee that works directly with and on behalf of JDO1 quota owners.
49. We note that companies and other quota-holders may also make their own submissions on the proposals and make specific reference to their preferred option as they consider appropriate.

⁴ 2017 FLA Working Group report – draft (NINSWG-2018-13) (to be published in the Fisheries New Zealand (2018) Fisheries Assessment Plenary, May 2018: stock assessments and stock status. Compiled by the Fisheries Science Group, Fisheries New Zealand, Wellington, New Zealand.

⁵ McKenzie, J R; Parsons, D M; Bian, R (2013) Can juvenile yellow belly and sand flounder abundance indices and environmental variables predict adult abundance in the Manukau and Mahurangi Harbours? *New Zealand Fisheries Assessment Report 2013/10*. 31 p.

50. This submission focuses management issues which are addressed in two parts and covers:
 - a. Stock Status / Sub-stock differences
 - b. Impact of SNA on the JDO 1 fishery
51. Overall the consultation document for JDO1 disappointing. Fundamental management issues are not addressed in the consultation document. We propose a wider review of the management processes and their effectiveness for JDO1, and a more comprehensive engagement with stakeholders prior to TAC/TACC decisions being made. This will ensure that appropriate time and consideration is given to the complexities and localised differences within this fishery.
52. Fundamentally, industry opposes the assertion that management decisions on TAC/TACC changes should be made on the basis of reducing headroom based on a perceived sustainability risk.

Stock status and sub-stock differences

53. FNZ state that the basis for the TACC review is that the long-term decline in CPUE indices. This is said to indicate that abundance has reduced, and that the TAC and TACC need reducing as current levels are a sustainability risk. However, the CPUE for each sub-stock is between the soft limit and the CPUE reference point, there are different CPUE trends among the sub-stocks, and two of the sub-stocks are rebuilding (Figure 2).

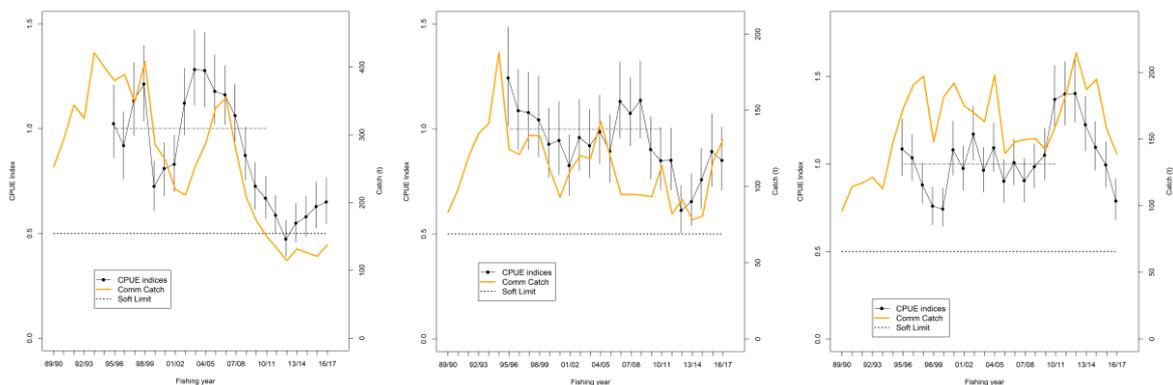


Figure 2: JDO CPUE trends (left: Hauraki Gulf and east Northland, centre: Bay of Plenty and right: west coast North Island).

54. In the Hauraki Gulf and east Northland, the sub-stock has been increasing since a low in the 2012/13 fishing year and is at approximately 66% of the target CPUE. The Bay of Plenty CPUE index is also increasing and is currently at 85% of the target CPUE. In contrast, the west coast North Island index has been declining, yet this is at approximately 80% of target CPUE; and further, this is the first year in the past eight years that the CPUE is estimated to have been below target.
55. It is concerning that FNZ are proposing to reduce the TACC in a period where two sub-stocks are trending upward and sit at 66% and 85% of the management target, and the remaining stock is below the target for the first time in eight years. FNZ's already tenuous position is further compromised by statements from the Working Group that fishing intensity is low, and the current catch is not considered to be causing any overfishing. In the last 10 years, fishing intensity in the Hauraki Gulf has been below the reference point used as a fishing intensity proxy.⁶
56. Consequently, it appears inappropriate and unnecessary for FNZ now to propose TAC reductions on sustainability grounds.

Inconsistency and uncertainty

57. In addition, uncertainties are identified in the CPUE analysis for JDO1. For example, there is a recognised lack of information on recruitment and the relationship between JDO1 and JDO2 is a stated source of uncertainty.
58. Conversely for other stocks such as SNA2 and TRE2, FNZ has expressed a position that increasing CPUE cannot be used to indicate increased abundance given uncertainties about the relationship between FMA1 and FMA2. Based on this rationale, why would this level of uncertainty only prevent TAC increases but

⁶ NINSWG-2018-12-35_JDO_2017.

allow TAC decreases? If FNZ are to maintain a consistent approach, this uncertainty would be addressed or at least analysed before any TAC change.

59. Paragraph 614 of the consultation document acknowledges that there is uncertainty in whether the current levels of removals are affecting recruitment.⁷ All areas are reported to be experiencing different levels of fishing intensity and so a sweeping comment that the fishery is impacting on recruitment is unsubstantiated.
60. The 2017 draft JDO Working Group report notes that stock status for the different sub-stocks can be variable and the importance of recruitment cannot be understated.⁸ More concerning is paragraph 613 where FNZ states that it is “unable to predict future recruitment”. This is an acknowledgement that further science is needed on the JDO1 fishery and highlights that research and engagement are required to address the recruitment uncertainties.
61. Given the information available on stock status and the differences in CPUE trends, it appears that the consultation is more about reducing the headroom in the fishery compared to a sustainability risk. The JDO1 stock is not subject to any sustainability concern from current fishing levels. It is only the amount of headroom that if taken may constitute a sustainability risk.

Impact of SNA on the JDO 1 fishery

62. Linked to this the proposal makes no reference to or acknowledgement of the issues related to SNA targeting and the fact that fishers are not targeting JDO. The below figure demonstrates how the increasing abundance of SNA impacts on JDO 1.

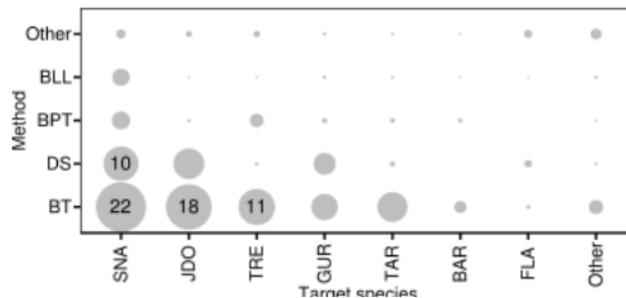


Figure 3: A summary of the proportion of landings of John dory (all QMAs) taken by each target fishery and fishing method. The area of each circle is proportional to the percentage of landings taken using each combination of fishing method and target species. The number in the bubble is the percentage. BT = bottom trawl, DS = Danish seine, BPT = bottom pair trawl, BLL = bottom longline (Bentley et al 2012).

63. Fishers have expressed to FNZ that they cannot target JDO due to the need to avoid SNA and SNX which has become a constraint on the fishery.
64. With the rebuilding of the SNA fishery, the catch of JDO1 can be expected to increase. Decreasing the JDO1 TAC/TACC now will necessitate a further review in the future to parallel the anticipated SNA1 TAC/TACC increase.

Support for Option 1 (status quo)

65. FINZ supports Option 1 – maintaining the current TACC.
66. For the reasons above, we do not believe that FNZ can characterise their proposal as a current sustainability concern where the level of utilisation is affecting sustainability of the stock.

⁷ MPI Consultation document 2018/05 at [614].

⁸ NINSWG-2018-12-35_JDO_2017.

DEEMED VALUE PROPOSALS

67. Industry has commented in previous submissions on deemed values about the need for these to be used as a fisheries management tool, and in a manner that is appropriate for the stock to which they apply. Deemed values are not an independent process. In particular, we remind MPI that the policy approved by the Minister in 2009 includes a management review of the circumstances giving rise to the over-catch and an evaluation of the management options available, including TACC reviews, discussions with industry and further science before any decision is made to adjust deemed values.
68. Fisheries management considerations in setting deemed values might include consideration of, for example, increasing deemed values when TACs are set close to biological limits to protect those limits, decreasing deemed values when they have previously been set high to reduce over-catch; reducing deemed values to encourage accurate reporting of catch and improved science.
69. We have repeatedly reminded FNZ that where the TACCs are significantly out of balance with stock abundance, deemed values are incapable of constraining the catch to the TACC. There are simply too many other drivers and motives to allow deemed values to operate effectively in those circumstances. Deemed values are not a remedy to poorly set TACCs. Rather than achieve sound fisheries management, inappropriately set deemed values will engender poor fisheries management practices and impede the performance of the management framework.
70. Sadly, the proposals in this consultation paper do not demonstrate that FNZ has accepted our previous advice.
71. The advent of an EM framework requires FNZ to address the TACC anomalies and inconsistencies that they have long known exist in the inshore fisheries. Over-reliance on deemed values to control incidental over-catch equally will not resolve the issue. Nor will a principle that the TACCs as they currently stand are reasonable and will not be reviewed before the introduction of EM. This demonstrates the historical lack of forward-looking management and monitoring and hence a lack of progress in setting TACCs at appropriate levels. Industry sees no justification why it should be unfairly penalised by the inability or unwillingness of FNZ to appropriately manage the inshore stocks.
72. We note that the footnote on page 224 contains the following assertion:
- Reported port prices are therefore an indicator of limited reliability. In general 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.*
73. We challenge FNZ to provide evidence as to the veracity of that assertion in respect of inshore stocks. If FNZ believed that assertion to be true, then their continued use of the settings in the deemed value guidelines that refer to port prices make no sense. Furthermore, if it were true, FNZ should have sought to establish an alternative information source for such data.
74. It is against that background that we comment on the MPI deemed value proposals for 2018/19.

The deemed value guidelines

75. Section 75(2), of the *Fisheries Act 1996* requires the Minister when setting interim, annual and differential deemed values to provide an incentive for every commercial fisher to balance their catch with ACE. However:
- a. Where the deemed value, annual or differential, exceeds the price the fisher is likely to receive for his or her catch and no ACE is available, the deemed value is no longer an incentive to balance catch with ACE but is instead an incentive to misreport the catch.
 - b. Where the deemed value, annual or differential, exceeds the price the fisher is likely to receive for his or her catch and the price of available ACE is higher than the deemed value, the deemed value is no longer an incentive to balance catch with ACE but is instead an incentive to misreport the catch.
 - c. Where the deemed value, annual or differential, exceeds the price the fisher is likely to receive for his or her catch, and the price of available ACE is higher than the price the fisher is likely to receive for the catch, the deemed value is no longer an incentive to balance catch with ACE but is instead an incentive to misreport the catch.

⁹ http://fs.fish.govt.nz/Doc/13392/DV_Review_decisions.pdf.ashx.

76. Reporting catch where the cost of landing the catch, in terms of ACE or deemed values, is higher than the revenue received for the catch results in a negative net price or loss to the fisher for those fish. The greater the loss, the less likely the fisher is to land the fish. This is particularly so when there is insufficient ACE available in the market to cover additional catch.
77. High ramping of deemed values acts in the interests of quota owners but not fisheries managers. Quota owners with marketable ACE surplus to their own fishing needs are well placed to use the ramping of deemed values to set abnormally high prices for that ACE. Faced with either high ramped deemed values or high ACE prices, the incentive is changed from a desire to balance to misreport catch.
78. Deemed values are inappropriate when they encourage misreporting of catch rather than balancing catch with ACE.
79. The problems with deemed values have long been recognised by industry but never appreciated by FNZ. They are in need of reform to prevent perverse behaviour affecting the quality of fisheries management.

Identifying Stocks for Review

80. In section 3 of the consultation document, FNZ set out the considerations they took into account when determining the stocks for which deemed value changes were proposed. These included:
 - a. Stocks where the TACs were considered for review: ELE3, FLA1, GLM9, JDO1, JDO7, KIN3, SPO7, GUR3, and TAR 1, 2, 3 and 7.
 - b. Stocks where the catch was in excess of the ACE: SKI7, BNS3, PIL7, PIL8, SKI3 and TRE1.
 - c. Stocks where the percentage of catch not balanced with ACE is considered excessive – none identified.
 - d. Stocks which were not consistent with the guideline settings for interim values and relativity with port price and ACE prices – none identified.
 - e. Stocks where the deemed values exceeded 0.1% of quota value for the stock – none identified.

Stocks with TAC Review

81. Of the stocks being reviewed, changes to deemed values for only FLA1, JDO1, JDO7 and TAR1, 2, 3, and 7 were considered appropriate. The principal change for those stocks is an adjustment to raise the interim deemed value to 90% of the annual deemed value. That is a formulaic change at best. The document does not provide any evidence that fisheries management thinking has influenced the consideration to review the deemed values.
82. We do not accept that administrative tidiness and standardisation provides any justification for tinkering with deemed values. FNZ can demonstrate no fisheries management benefits for the changes. For that reason, FNZ opposes any changes to the interim deemed values for FLA1, JDO1 and JDO7.

Stocks where catch is in excess of ACE

83. There are 72 stocks where the catch has exceeded ACE availability in 2016/17, and many of those have been in that position for a number of years.
84. The consultation document looks at only six stocks for deemed value review on this basis: SKI7, BNS3, PIL7, PIL8, SKI3 and TRE1. Two stocks – SKI7 and BNS3 – are identified based on 2016/17 over-catches and the rest on 2017/18 catches. There is no justification as to why those stocks are identified for deemed values changes. We comment on those proposals.
85. The proposal to lower the standard and differential deemed values for SKI7 are welcomed. However, we cannot understand why, given that the port price had been declining for some time, the deemed value review had to await an over-catch situation before being addressed. As noted in the document, BNS3 is predominantly a by-catch of other fisheries. FNZ was advised that the TACC allocation for BNS3 was inappropriate when it was reviewed downward for 2017/18. The deemed values for BNS3 were reviewed in as part of the reduction of the TACC. The level of over-catch is not abnormal for any by-catch and does not warrant a review of the deemed value.
86. The proposals to lower the annual and differential deemed rates for PIL7, the interim, annual and differential deemed rates (Option 2) for PIL8, the annual and differential deemed values for SKI3 are supported and welcomed. However, we cannot understand why the deemed values for TRE1 have not been handled in a similar manner when they have the same circumstances as PIL7 and PIL8 and SKI3. Discussions with

operators indicate that the catch of TRE1 this year was a one-off occurrence resulting from a management error rather than targeted catching. If FNZ wishes to understand the circumstances that gave rise to the over-catch, we will put you in contact with the company concerned. We disagree with your statement that 30% of the TRE1 catch occurs in the period from June to 30 September. That only occurred last year, the average prior to 2016/17 was approximately 9%. We understand from the company concerned that they will not target TRE1 for the remainder of the year and the catch for the June-September period will be kept to the minimum possible.

Stocks not consistent with guideline settings

87. Of the 192 inshore finfish stocks, there are:
 - a. 30 stocks where the annual deemed value exceeds the port price—these settings clearly contravene the intent of the Fisheries Act and Principle 1 of the Guidelines by providing a disincentive to land and report actual catch.
 - b. 129 stocks where the highest deemed value rate exceeds the port price—these settings contravene the intent of the Fisheries Act in respect of the incentives, and at the point where the differential deemed value exceeds the port price they contravene Principle 1 of the Guidelines and provide a disincentive to report and land catch accurately.
88. For the stocks in the above categories, the deemed values do not act to provide an incentive to balance catch with ACE and restrict the catch to the TACC. The deemed values act as an incentive to misreport catch. We recommend that the deemed values for those stocks be reviewed with an objective of removing the incentive to misreport catch.