



TE OHU KAI MOANA

TREATY OF WAITANGI  
FISHERIES COMMISSION

## The Basic Assets

Since the release of **He Anga Mua**, Te Ohu Kai Moana has received requests for additional information that lies behind the proposal in **He Anga Mua**.

The information sought is :

- What is the PRESA and POSA quota?
- How is the income from assets calculated?

This note also describes the policy Te Ohu Kai Moana applied in its models for PRESA fishstocks where the quota held is in excess or below the Commission's 10% of TACC target.

### Quota

There are two tables listing quota, fishstock by fishstock, that was held by the Commission as at 1 October 2000.

- Table 2 - Pre Settlement Quota up to 10% of TACC (3 Pages)
- Table 3 - Post Settlement Quota (20% of TACC) (2 Pages)

These were used as the basis for the calculations shown in **He Anga Mua**.

It should be noted that significant cuts to TACC which took effect from 1 October 2001 are **not** included in these quota lists. In particular 25,000 tonnes of HOK 01 is included whereas the quota for this fishstock was cut to 20,000 tonnes and may be cut further from 1 October 2002.

Each table lists:

- the fishstock
- its classification as inshore or deepwater
- the quota tonnage held by the Commission
- the tonnage of inshore quota for each fishstock, (PRESA Total 16,005.690 tonnes, POSA Total 5,697.509 tonnes).
- the tonnage of deepwater quota for each fishstock, (PRESA Total 43,555.330 tonnes, POSA Total 13,706.200 tonnes).
- the length of the QMA coastline – QMAs solely in FMA 6 have a coastline length of 6366.677 km because this quota is shared amongst all Iwi as though they each had coastline in the QMA.

It should also be noted that the quantity of Post Settlement Quota will be added to as new species are brought into the Quota Management System.

South Island Eels are now included in the QMS and the Crown has announced that it will introduce up to 50 species over the next 3 years.

### **Generation of Income**

Tables 2 and 3 also list the following:

- The estimated value of the inshore and deepwater quota based on the average quota trading prices for the period October 1999 to August 2000 as reported in the FishServe “Blue Book” dated September 2000.
- The income from the inshore and deepwater quota based on an indicative lease price of 75% of the average quota leasing prices for the period October 1999 to August 2000 as reported in the FishServe “Blue Book” dated September 2000. (It has been assumed that the cost to Iwi of managing the ir quota would be 25% of the lease price for that quota, hence the income from the quota would be 75% of the lease price.)

Share dividends and income derived from cash (including the cash adjustments for PRESA quota deficits – see below) are estimated at 3.5%. This figure has been chosen to allow for the management costs including tax and to reflect the relatively low returns in the fishing industry.

### **PRESA Quota in excess and less than 10% of TACC**

#### Inshore quota

There is a surplus of inshore quota of 338.918 tonnes with an estimated value of \$3,135,812 and a deficit of inshore quota of 224.306 tonnes with an estimated value of \$3,492,039.

In the allocation models the surplus inshore quota (338.918 tonnes) is “sold” to POSA for its estimated value of \$3,135,812.

Cash from POSA is transferred to PRESA and to it is added \$356,227 from PRESA cash reserves to achieve the \$3,492,039 estimated value of the deficit inshore quota.

This cash is then allocated to Iwi as though it were the deficit inshore quota.

Income derived from this cash is estimated at 3.5%. (See above for explanation)

In the POSA models this PRESA inshore quota (338.918 tonnes with an estimated value of \$3,135,812) is allocated on a population basis, but it generates income from the leasing of the quota.

#### Deepwater Quota

There is no deepwater quota in excess of 10% of TACC.

There is a deficit of deepwater quota of 417.159 tonnes with an estimated value of \$4,272,068.

To allocate the cash equivalent of the deficit of deepwater quota, cash from the PRESA cash reserves amounting to \$4,272,068 is used and allocated as though it were the deficit deepwater quota.

Income derived from this cash is calculated at 3.5%. (See explanation above)

### **Shares**

The estimated value of Pre Settlement shares used in the calculations is \$36,618,667 and the estimated value of the Post Settlement shares is \$290,253,754.

Dividends from these shares are calculated at 3.5% of their estimated value.

### **Cash**

Pre Settlement cash amounts to \$36,680,908.

This cash is reduced by \$4,628,294 (\$356,277 for inshore quota deficit plus \$4,272,068 for deepwater quota deficit) used in dealing with the deficits of PRESA quota as described above.

The remaining cash, \$32,052,614, is the amount available for allocation.

If the model requires a cash investment in a Development Putea, it is taken from this available amount.

Post Settlement cash amounts to \$22,809,750. Part of this is the surplus PRESA inshore quota “bought” by POSA for \$3,135,812.

Income derived from cash is assumed to be 3.5% of the capital.

### **Summary**

Table 1 summarises the information given above.