

## Property rights 2 QMS

### Box 1

..."everybody's property is nobody's property. Wealth that is free for all is valued by none because he who is foolhardy enough to wait for its proper time of use will only find that it has been taken by another." H. Scott Gordon: The Fishery

In the years before 1986 New Zealand open access wild capture fishery was managed with input controls. These regulations resulted in an over-capitalised industry with too many fishing boats and unsustainable exploitation. As a result fishers earned low profits and government faced significant cost in transfer payments and surveillance.

*(Picture; Idle fishing fleet overseas)*



Management was reformed during the 1980s and 1990s with the quota management system (QMS), which established property rights in New Zealand's major commercial fish species. The QMS is based on the individual transferable quota (ITQ), a private property right to catch a quantity of fish in a specific location during a specific period of time. This property right can be bought and sold on the open market. ITQs were later redefined as a share of the total allowable commercial catch (TACC) and government could adjust this TACC to restrict the amount of fish landed to sustainable levels, There is therefore an annual catch entitlement (ACE) of a certain tonnage of fish that can be landed. This represents the output from the fishery. Having the private property rights from the QMS fishers would have the incentive to care for the resource.

## Box 2

When fishers have access to a guaranteed share of the catch, they have an incentive to focus on the quality, not the quantity of their catch.

<http://www.rff.org/rff/Documents/RFF-Resources-150-catchmarket.pdf>

Compared to conservation measures used in other countries the introduction of the QMS in NZ has been relatively positive because it established tradable property rights that allowed fishers to enter or exit the industry and also adjust their fishing without too many difficulties. Property rights determined who was able to participate in the fishery and this resulted in significant changes for boat owners, crew and related processing industries and on coastal communities. Attempts to introduce ITQs overseas have led to concerns over the concentration of quota into fewer fishing operations and the negative effect this can have on coastal communities.

Maori had argued that the QMS would be contrary to the Treaty of Waitangi, and challenged government's ability to privatise a resource that was already considered to belong to Maori. The government allocated 10% of all ITQs to Maori through the Maori Fisheries Commission and the Sealord Settlement later added to this, the purchase of 50% of the Sealord fishing company, New Zealand's largest fishing company and 20% of all further species ITQ as those species were brought into the QMS. These settlements resulted in Maori becoming the single largest participant in commercial fishing in New Zealand.

Property rights have to be clearly defined in order to avoid tension over access to the fishery the potential to avoid conflict. Stakeholders with an interest in fisheries resources but who are not part of the QMS include Maori with customary fishing rights, landowners with coastal riparian rights and quota holders.

Property rights help provide for the commercial certainty required for the long-term investment in aquaculture and sustainable management of the wild catch fishery.

## Questions

1. Identify the concept referred to in the Box 1.
2. Government's use of input controls to manage a wild-capture fishery has led to a number of problems. Identify these problems for each of the following:
  - a. the seafood industry
  - b. the environment

- c. Government.
3. Define and explain each of the following acronyms:
    - a. QMS
    - b. ITQ
    - c. ACE
    - d. TACC.
  4. Identify the acronym from question 3 above that would be used to describe each of the following:
    - a. the maximum amount of a species of fish that can be legally caught by all fishers in the fishery
    - b. a property right
    - c. encourages conservation of New Zealand's commercial fishery
    - d. would be reduced if stocks were threatened.
  5. Explain how the quote in Box 2 helps explain how ITQs can increase the value generated by fisheries resources.
  6. Explain how the QMS provides output controls.
  7. How were Maori rights to the fishery maintained?
  8. Explain how the establishment of clear property rights can reduce over-fishing.
  9. What action under the QMS would pull a fishery back from over-fishing to a more sustainable level of exploitation?
  10.
    - a. Draw a diagram to show the use of the QMS to manage the wild catch fishery. On your diagram show the effect of government authorities reducing the TACC for a fish species.
    - b. Explain your diagram.
  11. Evaluate the effects of introducing the QMS.

Suggestions for further research: Carry out web-searches to find articles on the following:

- breaches of quota regulations
  - quota levels being reduced to protect a fish species e.g. hoki
- introduction of new species brought into the QMS.