

32 Government Revenue from Fisheries

32.1 Access Fees for Foreign Fishing

In the country and territory chapters, information is provided on access fees received for foreign fishing. Table 32-1 summarises the fees paid in 2014 (or most recent annual period for which data are available), and compares the fees to the total national government revenue. The access fees and their percentage contribution to total government revenue are shown in Figures 32-1 and 32-2, respectively (countries/territories are included where access fees and other revenue are collected and data is available, throughout this chapter).

Table 32-1: Access Fees for Foreign Fishing in 2014

| Country/ Territory | Access Fees (local currency) | Access Fees (US\$) | Access fees as % of Government Revenue | Other Information |
|-----------------------|------------------------------------|--------------------------|---|--|
| Cook Is. | 10,800,000 | 8,437,500 | 11.40% | Access fees for FY 2014/2015 |
| FSM | 47,518,000 | 47,518,000 | 20.90% | The fees are those actually collected (from government audits) |
| Fiji | 1,100,513 | 555,815 | 0.04% | The only access fees since 2006 are from the US Tuna Treaty |
| Kiribati | 141,570,000 | 116,040,984 | 75.00% | Information from the Ministry of Finance and Economic Development Annual Report 2014 |
| Marshall Is. | 16,920,802 | 16,920,802 | 16.40% | |
| Nauru | 19,340,000 | 15,852,459 | 13.70% | By FY for fees and total revenue |
| Niue | 813,843 | 635,815 | 3.30% | For FY 2013/2014 |
| Palau | 3,620,586 | 3,620,586 | 3.30% | Access fees from government audit |
| PNG | 218,500,000 | 85,019,455 | 1.70% | Access fees estimated |
| Samoa | 1,328,395 | 555,814 | 0.30% | The only access fees are from the US Tuna Treaty |
| Solomon Is. | 213,361,944 | 27,963,558 | 7.20% | |
| Tonga | 1,167,816 | 627,858 | 0.40% | Access fees for 2014; government revenue for FY 2013/2014 |
| Tuvalu | 18,028,933 | 14,777,814 | 58.30% | |
| Vanuatu | 180,326,546 | 1,759,112 | 1.00% | |
| American Samoa | 0 | | | No authorised foreign fishing in the zone |
| French Polynesia | 0 | | | No authorised foreign fishing in the zone |
| Guam | 0 | | | No authorised foreign fishing in the zone |
| New Caledonia | 0 | | | No authorised foreign fishing in the zone |
| Northern Marianas | 0 | | | No authorised foreign fishing in the zone |
| Pitcairn Islands | 0 | | | No authorised foreign fishing in the zone |
| Tokelau | 11,584,000 | 9,050,000 | 52.60% | |
| Wallis and Futuna | 0 | | | No authorised foreign fishing in the zone |

Source: Country and territory chapters of this book

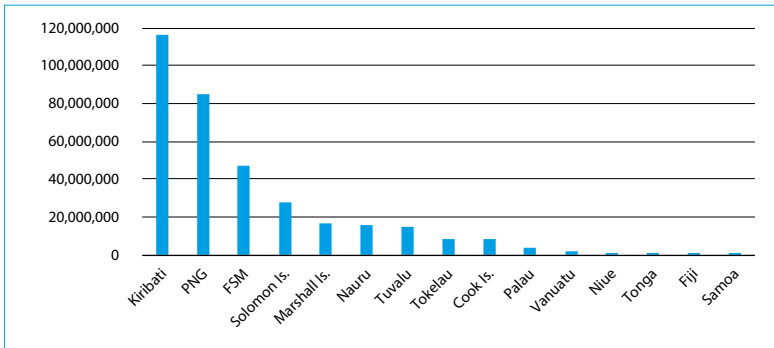


Figure 32-1: Access Fees for Foreign Fishing in 2014 (US\$)

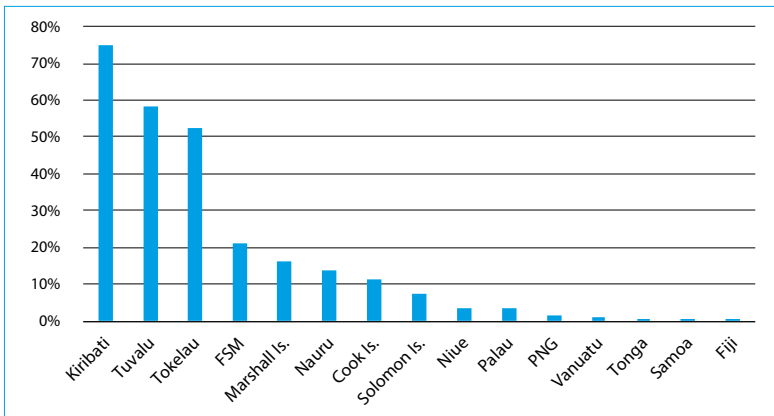


Figure 32-2: Access Fees for Foreign Fishing in 2014 as a Percentage of Total Government Revenue (%)

There are several caveats and explanations relating to the information in the table and figures:

- Some Pacific Island countries consider that all payments under the US Tuna Treaty are for fishing access, while others treat some components as aid. Unless otherwise stated in a government document, all US tuna treaty payments are assumed to be for access.
- In countries that receive money and also “goods and services” from foreign fishing entities in exchange for access, the above table and figures consider only the money portion.
- The exchange rates used are the average-of-year rates given in the *Currency Equivalents* section in the preliminary pages of this book and at the end of each country/territory chapter.

- The annual periods associated with fee payments and government revenue in many cases do not always correspond precisely (e.g. a calendar year vs a financial year). Given the limited information available, this is unavoidable.
- “Government revenue” is defined in various ways in the different countries and territories. More information on what is included in government revenue (if available) is given in the country and territory chapters.
- The access fees are mostly taken from government fishery agency documents and/or government finance agency documents in the public domain. In one case (PNG) they were estimated using information from several sources.

For the year 2014 foreign fishing access generated a total of US\$349,335,572 for the 22 Pacific Island countries and territories. Because there is no authorised foreign fishing in most territories, this figure equates to the independent Pacific Island countries plus Tokelau.

The information on fees comes mainly from government fisheries and finance agencies. At least two fisheries specialists in the region have expressed the opinion that information generated by fisheries agencies is likely to be more accurate, due to finance agencies not always knowing the origin of revenue deposits. While this may be true, the access fee information from finance agencies is usually from audited accounts. In several countries, differences in access fees between fisheries and finance agencies appear to be reducing since a similar collection of fee information was carried out in 2008 by an earlier Benefish study (Gillett 2009). This could be due to periodic formal reconciliations of fees, for example, the report “Fishing License Revenues in Kiribati”, by the Ministry of Finance and Economic Development and the Ministry of Fisheries and Marine Resource Development.

Another change since 2009 is that there appears to be a tendency for fisheries agencies in some countries to be more secretive about access fees received, with the idea that total transparency would be harmful to their bargaining position in transactions under the PNA Vessel Day Scheme. In most countries where that occurred the secrecy did not extend to the government finance agency.

Table 32-2: uses the access fees from Table 32-1 to make some comparisons.

Table 32-2: Access Fees: Some Comparisons

| Country/ Territory | 2014 Access Fees (US\$) | 2014 Access Fees as a % of the Value of Foreign-based Offshore Fishing | 2014 Access Fees per Resident (US\$) | 2014 Access Fees per km ² of 200-mile Zone (US\$) | Other Information |
|-----------------------|-------------------------------|--|---|---|--|
| Cook Islands | 8,437,500 | 14.8% | 554 | 4.61 | |
| FSM | 47,518,000 | 20.8% | 462 | 5.96 | |
| Fiji | 555,815 | Large | 1 | 0.43 | No foreign fishing in zone, but payments under the US tuna treaty |
| Kiribati | 116,040,984 | 10.4% | 1,044 | 32.69 | |
| Marshall Islands | 16,920,802 | 43.7% | 310 | 7.94 | Access fees as a % of foreign-based offshore fishing distorted by fee-paying locally based foreign fleet |
| Nauru | 15,852,459 | 6.9% | 1,487 | 49.54 | |
| Niue | 635,815 | 41.8% | 424 | 1.63 | Access fees as a % of foreign-based offshore fishing distorted by US Tuna Treaty payments for no fishing |
| Palau | 3,620,586 | 19.5% | 203 | 5.76 | |
| PNG | 85,019,455 | 27.3% | 11 | 27.25 | |
| Samoa | 555,814 | Large | 3 | 4.63 | No foreign fishing in zone |
| Solomon Islands | 27,963,558 | 35.3% | 45 | 20.87 | |
| Tokelau | 9,050,000 | 27.3% | 7,762 | 31.21 | |
| Tonga | 627,858 | 12.4% | 6 | 0.90 | |
| Tuvalu | 14,777,814 | 11.2% | 1,321 | 16.42 | |
| Vanuatu | 1,759,112 | 6.7% | 6 | 2.59 | |
| Total | 349,335,570 | 15.4% | 32 | 11.43 | |

Source: Table 32-1 and other sections of this book

One of the columns in Table 32-2 requires further explanation: 2014 access fees as a percentage of the value of foreign-based offshore fishing.¹ This is a crude attempt to estimate the fraction of the value of fish harvested by foreign fishers that is received by countries through access fees. A difficulty occurs because in some countries (e.g. the Marshall Islands) there are fee-paying foreign locally based fleets that inflate the percentages in the column. Another difficulty is that when there are payments for fishing that does not

1 The "value of foreign-based fishing" comes from estimates of foreign-based offshore fishing in the country and territory chapters. Rather than "landed values", these values are the "in-zone" values (i.e. destination market values adjusted for cost of transport to those markets) – something closer to the real economic value to the countries where the catch was made.

take place (e.g. under the US tuna treaty) a very large percentage is created. This feature dominates the results in Fiji and Samoa and has a large effect in Niue. The information in that column should therefore be used cautiously.

The results from the table (excluding the outliers: Fiji, Marshall Islands, Niue and Samoa) are shown graphically in the following three figures.

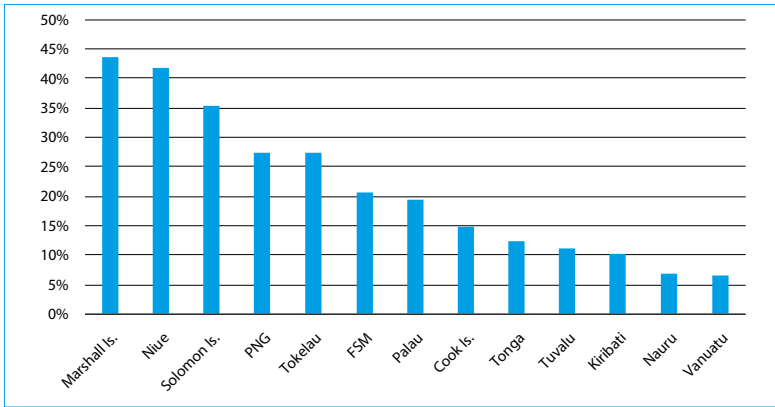


Figure 32-3: 2014 Access Fees as a Percentage of the Value of Foreign-Based Offshore Production

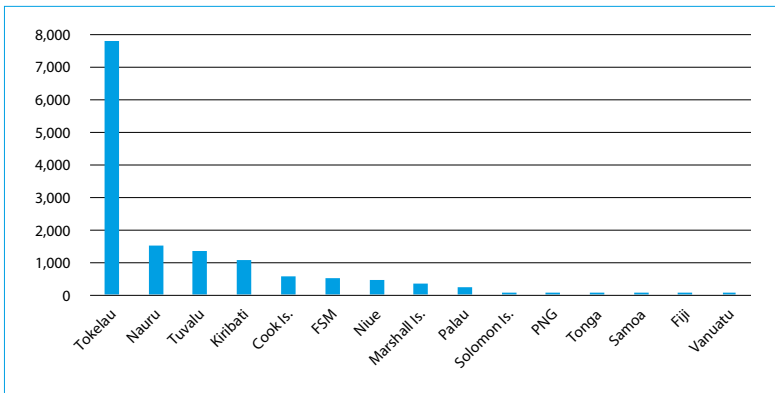


Figure 32-4: 2014 Access Fees per Resident (US\$)

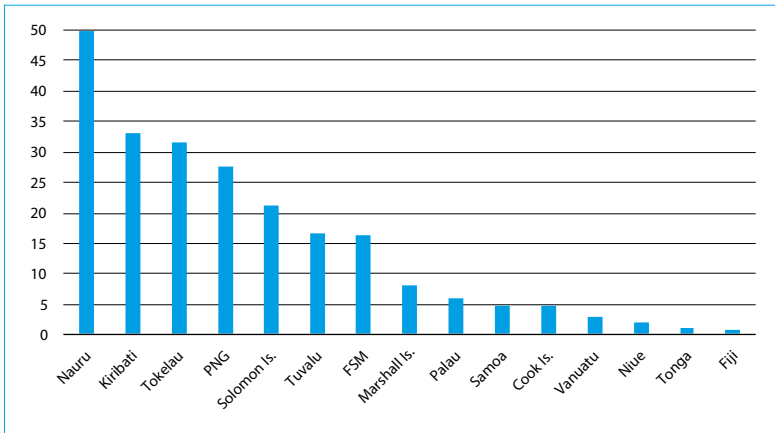


Figure 32-5: 2014 Access Fees per km² of 200-mile Zone (US\$)

The comparisons above between access fees and other features (catch values, number of residents and size of zones) represent just one data point for each country (e.g. comparing one year's access fees with one year's catch value). Given the characteristic variability of tuna catches in a national zone, a more informative approach would be to make the comparisons using data over several years – but such information was not available for several countries. Where it does exist, it is given in the country and territory chapters and available for further analysis by interested parties.

In Chapter 29 it is stated: “Three countries in an area of relatively good tuna fishing had no locally based offshore fishery production: Nauru, Tuvalu, and Tokelau. A fourth country, Kiribati, had just a tiny amount of locally based offshore fishery production.” It is interesting to note that these four countries are the same ones that had the highest access fees per resident.

Some other observations on the above table and figures are as follows:

- Four countries of the region received in 2014 access fees that equated to more than US\$1,000 per capita.
- Kiribati, despite having one of the largest 200-mile zones in the region, had relatively high access fees per km² of zone in 2014.
- Some countries (e.g. FSM) have domestication policies in place and are not primarily focusing on maximising access fees, hence their relatively low position in some of the graphs.

Access fees were collected in a similar way during the earlier Benefish study (Gillett 2009), with the target year being 2007. The 2007 access fees were converted to 2014 prices² and are compared to 2014 access fees in Table 32-3 and Figure 32-6.

Table 32-3: Changes in Access Fees 2007–2014

| | 2007 Access Fees (in 2007 US\$) | 2007 Access Fees (in 2014 US\$) | 2014 Access Fees (US\$) | % Change 2007–2014 |
|------------------|------------------------------------|------------------------------------|----------------------------|-----------------------|
| Cook Islands | 262,000 | 307,326 | 8,437,500 | 2,645% |
| FSM | 14,757,221 | 17,310,220 | 47,518,000 | 175% |
| Fiji | 256,985 | 301,443 | 555,815 | 84% |
| Kiribati | 21,361,214 | 25,056,704 | 116,040,984 | 363% |
| Marshall Islands | 1,953,644 | 2,291,624 | 16,920,802 | 638% |
| Nauru | 5,147,899 | 6,038,486 | 15,852,459 | 163% |
| Niue | 263,983 | 309,652 | 635,815 | 105% |
| Palau | 1,121,281 | 1,315,263 | 3,620,586 | 175% |
| PNG | 14,966,216 | 17,555,371 | 85,019,455 | 384% |
| Samoa | 256,985 | 301,443 | 555,814 | 84% |
| Solomon Islands | 11,764,705 | 13,799,999 | 27,963,558 | 103% |
| Tokelau | 1,478,676 | 1,734,487 | 9,050,000 | 422% |
| Tonga | 132,206 | 155,078 | 627,858 | 305% |
| Tuvalu | 3,445,378 | 4,041,428 | 14,777,814 | 266% |
| Vanuatu | 1,359,700 | 1,594,928 | 1,759,112 | 10% |
| Total | 78,528,093 | 92,113,452 | 349,335,572 | 279% |

Source: Gillett (2009) for 2007, and Table 32-2 for 2014 fees

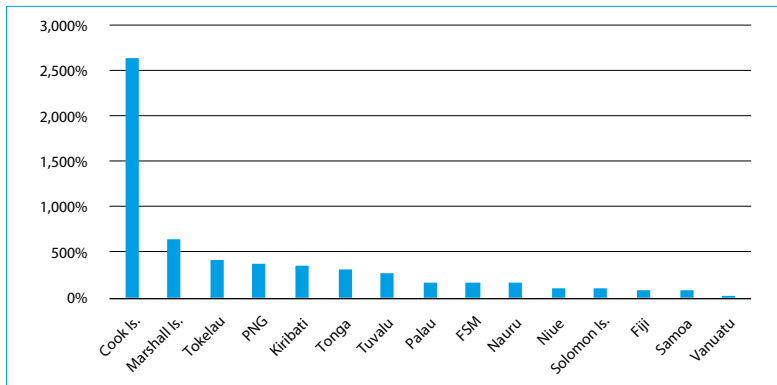


Figure 32-6: Percentage Increase in Access Fees 2007–2014

² The difficulties of converting values for many different commodity types across the 22 Pacific Island countries and territories with 10 different currencies are discussed in Chapter 29. A conversion factor of 1.173 is used in this publication for converting 2007 prices to 2014 prices.

From the above table and figure the following are evident:

- In the period 2007–2014 access fees increased in all countries that receive access fees.
- The countries that had the largest increase in access fees were those that participate in the Vessel Day Scheme.
- The huge increase in access fees in the Cook Islands was from a very low level in 2007.

Historical access fees for the region are readily available in the public domain for only a limited number of years. These are:

- 2014: US\$349 million (this study)
- 2007: US\$78.5 million (Gillett 2009)
- 1999: US\$60.3 million (Gillett et al. 2001)
- 1996 US\$66.3 million (Gillett 1997)
- 1982: US\$15 million (Clark 1983).

Bearing in mind that these amounts are nominal access fees (i.e. they are not converted to 2014 prices), the evolution in the level of the fees is shown in Figure 33-7. As a crude indicator of the real change in access fees, the \$15 million received by countries in 1982, if adjusted by the CPI for the USA, could be considered equivalent to about \$36.8 in 2014 prices – which equates to a 848% increase in value over the 1982–2014 period.

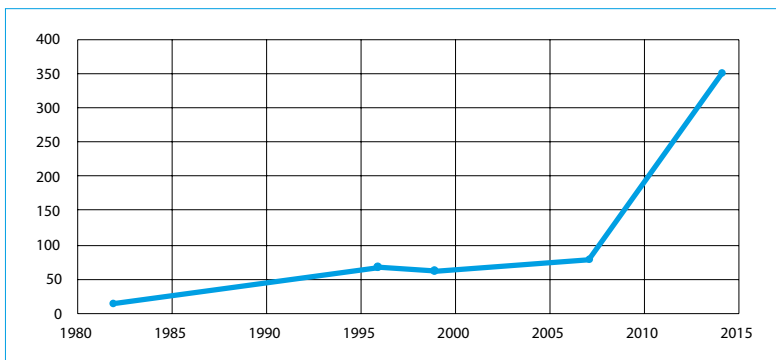


Figure 32-7: Change in Access Fees 1982–2014 (US\$ millions)

A large change in access fees occurred between the 2007 and 2014 data points on the above graph. It is no coincidence that the implementation of the Vessel Day Scheme was initiated and completed between those two dates.

Officially, the Vessel Day Scheme took effect from December 2007, but full implementation was not attained until 2012.

Another aspect is how the change in access fees relates to the El Niño shift in production. The focus year for the last Benefish study, 2007, was not an El Niño year (it was a weak La Niña) while 2014 was a weak El Niño year.

Table 32-4: Changes in Access Fees with Changes in Areas of Production

| Offshore catches | | |
|------------------|-------------|---|
| | PNG and FSM | Kiribati, Tuvalu, Tokelau, and the Cook Islands |
| 2007 | 57% | 22% |
| 2014 | 28% | 49% |
| Access fees | | |
| | PNG and FSM | Kiribati, Tuvalu, Tokelau, and the Cook Islands |
| 2007 | 38% | 34% |
| 2014 | 40% | 42% |

Source: FFA (2015) for catch information, Table 32-3 for access fees

In the above table it can be seen that over the period 2007–2014 the relative production decreased markedly in the west and increased markedly in the east – as expected in an El Niño shift. The access fees, however, did not show a similar shift.

The lack of shifting of revenue appears to be a feature of the PNA Vessel Day Scheme. In the VDS overall limits are set by PNA on the number of days that purse seine fishing vessels are allowed to fish in PNA waters. Vessel days are allocated to each country. Under the scheme revenue is largely related to the distribution of vessel days among countries and (except for vessel days that are traded or pooled) not the distribution of fishing. This has the effect of reducing fluctuations of government revenue from access fees – one of the objectives of having such a scheme (L. Clark and G. Preston, per. com. February 2016).

32.2 Other Government Revenue from Fisheries

In each country/territory chapter there is a section providing the readily available information related to government revenue generated from the fisheries sector that is not related to foreign fishing access fees. This information is summarised in Table 32-5.

Table 32-5: Government Revenue from Fisheries Other than Foreign Access Fees

| Other Government Revenue from Fisheries | |
|---|--|
| Cook Islands | Revenue from licensing Cook Islands flagged offshore fishing vessels is not readily available, but was around NZ\$566,000 annually in recent years. In FY 2014/2015 there were fines of NZ\$1.3 million for out-of-court settlements for fisheries infringements. |
| FSM | <p>National Oceanic Resource Management Authority (NORMA) annual reports do not provide information on government revenue, other than fishing access fees. In FSM much of the non-access government revenue from the fisheries sector is acquired at the state level. For example, Pohnpei State government received from the fisheries sector in FY 2014:</p> <ul style="list-style-type: none"> • Water bunkering: US\$179,126 (mostly for fishing vessels) • Transshipment: US\$117,721 (for the period March–September 2013) • Commission on ice sales: US\$197 |
| Fiji | The major fees for the locally based offshore fleet are the access fee, management fee, and observer levy. These fees amounted to F\$3844,000 in 2013 and F\$701,000 in 2014. The Fisheries Department also charges for a variety of permits: landing permit, transshipment, export, high seas, bycatch, import, and CITES. |
| Kiribati | Unpublished data from the Ministry of Finance and Economic Development show all fisheries-related revenue in 2014: vessel and equipment hire (A\$3,254.50), fish and fish poster sales (A\$30,680.25), local fishing (A\$69,377.85), local licensing (A\$41,611.40), and fish transshipment fees (A\$963,591.07). |
| Marshall Islands | The Marshall Islands Marine Resources Authority (MIMRA) annual reports and unpublished data give non-access revenue received by the government from fishing activities: transshipment fees (US\$547,000), fishing violation fines (US\$825,000), observer fees (US\$561,924), and other fees (US\$146,523); total US\$2,082,461. |
| Nauru | Information is not readily available on Nauru Government revenue from fisheries that is not associated with access by foreign fishing vessels. |
| Niue | No information is available on the amount of such revenue in Niue, if any. |
| Palau | During the period 1999 to 2007 there was a tax of US\$0.25 per kg of fish landed by longliners in Palau. In addition, the government also charges fees for several activities related to fisheries. These include the Marine Export Declaration Fee: citizen (US\$5 per permit), non-citizen (US\$10), commercial (US\$25), scientific research (US\$25). There are also charges for CITES permits: non-commercial (US\$5), commercial (US\$25), scientific research (US\$25). |
| PNG | The tuna sector generates revenue from application fees, observer fees, and training levies. A substantial amount of tuna transshipment occurs in PNG; PNG does not charge transshipment fees, but harbour fees and cost recovery of monitoring services are applied. |

Table 32-5: continuation

| Other Government Revenue from Fisheries | |
|---|---|
| Samoa | The other major source of government revenue from fisheries is from licensing of domestic fishing vessels. In FY 2013/2014, ST\$89,400 was collected from the 64 longliners based in Samoa. The fees range from ST\$200 for vessels under 11 m to ST\$10,000 for vessels over 20.5 m. The government also receives money from licensing fish processing establishments (ST\$1,050 per licence), export certificates (ST\$5–10 per certificate; ST\$2,279 collected during the FY), market table renting (ST\$10 per day), ice, and transshipment (ST\$0.10 per kg). |
| Solomon Islands | The non-access government revenue from the fisheries sector in 2014 was: local fisheries licence fees (S\$144,228.32); export permit fees (S\$234,837.95); fish processing licence fees (S\$479,173.34); port entry fees (S\$47,800.00); fish and miscellaneous sales (S\$635,100.00); transshipment levies (S\$1,095,033.87); observer and services fees (S\$550,221.40); total S\$3,186,394.88. |
| Tonga | In FY 2014 the non-access revenue from the fisheries sector was: consumption tax collected on sales by the fisheries division (T\$68,229); fish bond (T\$1,700); sales of produce (T\$580); domestic licences, (T\$235,290); fees (admin, export taxes, sales of illegal fish, etc.) (T\$198,347); other sales (T\$44,240); total T\$548,386. |
| Tuvalu | In addition to the access fees, the Government of Tuvalu receives substantial money from its participation in joint venture fishing arrangements and from tuna transshipment. Smaller amounts come from observer levies, chartering boats, and filling scuba tanks. Some of the island councils charge for various permits relating to fishing and selling fish. Transshipment fees are currently set at US\$3 per tonne for cannery grade fish and US\$10 per tonne for sashimi grade fish; 43 transshipments occurred in 2014. |
| Vanuatu | Other government revenue consists primarily of authorisations to fish (VT128.6 million in 2014) and domestic licences (VT 28 million in 2014). |
| American Samoa | The Department of Marine and Wildlife Resources issues about ten fishing licences per month at a cost of US\$10 per licence, amounting to revenue of about US\$1,200 per year. The revenue is deposited in the general fund of the Government of American Samoa. |
| French Polynesia | There is a small tax on the export of pearls. In 2009 this tax was changed from XPF 200 per gram to XPF 50 per pearl. In 2010 a total of XPF 493 million was collected. In general, in French Polynesia the fisheries sector is not revenue generating, but rather subsidy absorbing. |
| Guam | Any fishing licensing fees paid by vessels based in Guam go to US government agencies rather than to the Government of Guam. |
| New Caledonia | In general, in New Caledonia the fisheries sector is not revenue generating, but rather subsidy absorbing. |
| Northern Marianas | There are no requirements for commercial fishing vessel, operator, or crew licences for inshore or offshore waters. |
| Pitcairn Islands | No information is available on non-access forms of government revenue from the fisheries sector. |
| Tokelau | The island administrations do not tax or license fishing activity. |
| Wallis and Futuna | In Wallis and Futuna the fishing sector is not revenue generating, but rather subsidy absorbing. |

Several observations can be made on the information in the table. The most notable feature of the data is that it is highly variable and inconsistent across the countries and territories – different types of data, reported with varying degrees of rigour – and therefore not easily comparable. The listed items are essentially levies collected by the governments and are a combination of substantial government revenue (e.g. domestic licence fees), cost recovery for a service provided (e.g. CITES inspection permits), and payments for commercial activities of government fisheries agencies (e.g. money paid by exporters for giant clams raised by a fisheries division).

Fees for transshipment are only given in the table for four countries, but it is likely that with additional research the amount of money paid in each country could eventually be obtained. This highlights an important issue regarding fishery benefits across the region: in most countries and territories the sector is not active at advertising its importance. In the tourism sector, for example, it is likely that a benefit of a magnitude similar to that from transshipping would be publicised with enthusiasm.

Some of the benefits of transshipping in the region are highlighted by McCoy (2012):

The total estimated PIC direct revenue from purse seine transshipment fees in 2010 was approximately \$1.45 million. Transshipment in Majuro generated 33% of total transshipment fees, Honiara 25%, Pohnpei 24%, and Tarawa 18%. PNG does not charge transshipment fees. Private sector gross revenue from sales of goods and services to purse seiners engaged in transshipment ranges from a high of \$4,000–\$8,000 per transshipment in Majuro to a low of \$1,000–\$2,000 in Tarawa. Total gross revenue for PIC governments and the private sector per purse seine transshipment ranges from a high of \$9,500–\$14,500 in Majuro to a low of \$2,600–\$6,700 in Rabaul.

Some of the additional features of the non-access government revenue from the fisheries sector are as follows:

- Substantial revenue from the fisheries sector presumably comes from personal and company taxation – but it appears that this information has not been compiled in any country or territory in the region (in contrast to tourism).
- Apart from any company or personal taxation, no Pacific Island territory receives significant non-access revenue and only Tokelau received access revenue.
- Two countries (Solomon Islands and Tonga) have export duties on fishery products – which apparently were imposed to prevent unfair transfer pricing by vertically integrated fishing/marketing companies.