Financial sustainability of the fisheries market

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For a living resource that can be depleted by over-extraction, the highest value is obtained when the resource is sustained rather than depleted.
Those with rights to any resource (owners) would be irrational to extract part of the resource when that part would be worth more in real terms by not extracting it.
What we get from extracting any of our resource should be greater than any decrease we cause in the total value of our resource.

It should be greater than the difference between the present value before we extracted something and the remaining present value after we extracted it.
There may be some with power to determine the volume that is extracted, who use their power to deplete the resource.

They may:
- Get more payoff by doing so
- Be employees measured badly by volume or short-term performance
- Incompetent
If those who are not ‘owners’ of a resource have power to influence the volume extracted and they act contrary to a rational ownership interest, then their power needs to be removed.

The owners must have a clearly thought out strategy to remove their power.
Future real value?

- For the ‘owners’ of resource rights it is crucial to know the future real value of the resource.

- Without some assessment, they cannot calculate the level of extraction at which value would be impaired.
Value comes from the ultimate market

• The value of a limited resource is not intrinsic to the product itself, nor is it the current price
• The value is determined by those who are ultimately paying for the mix of services of which it is part
• And it depends on the scarcity of supply relative to their demand
Real value can be increased without changing volume

- By uncovering latent demand
- By servicing narrower segments
- By making rarer products
Stroganina Yakut style

• From Siberia
  Caught in the lower reaches of northern rivers during winter and thrown on the icy banks. It is instantly frozen naturally, while the fish is still alive

• Sold in
  ‘Expedition Arctic Cuisine Restaurant’
  Moscow. Declared best restaurant and bathhouse complex by Discovery Channel
A Business Challenge for Aotearoa

Increase real value from your fishing rights by 20% per annum without increasing volume
Retain title until the last stage in the chain

- To control profits of intermediaries
- To avoid sub-optimising actions of intermediaries
- To control selection of final market targets and maintain exclusivity
- To change strategy when it should be changed
Title retention avoids the profit within the distribution chain gravitating to the stage with the lowest active competition

(Art Shaw, 1928)
The Tuna Chain

The record blue-fin tuna realised $US 90,000 on the Tsukiji market in Tokyo

A USA fisherman would think he was doing well to receive $10,000 for a tuna
Changing strategy

Market introduction needs are vastly different from development and maintenance needs.
Different ‘products’ need different strategies and therefore entirely different management approaches

- Aotearoa management must be marked by its infinite flexibility

- Consider
  12 Maui fish market restaurants in
  12 mega cities

  Maui eel-head delicacy flown daily
  to Michelin 4-star restaurants