



*Quota market efficiency: The
New Zealand Annual Catch
Entitlement (ACE) market*

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Characteristics of Efficient Markets

- Information on price is easy to obtain
- Information on characteristics of the good is readily available
- Price establishes market equilibrium
- Transaction costs are low
- No barriers to entry and exit
- Identical goods

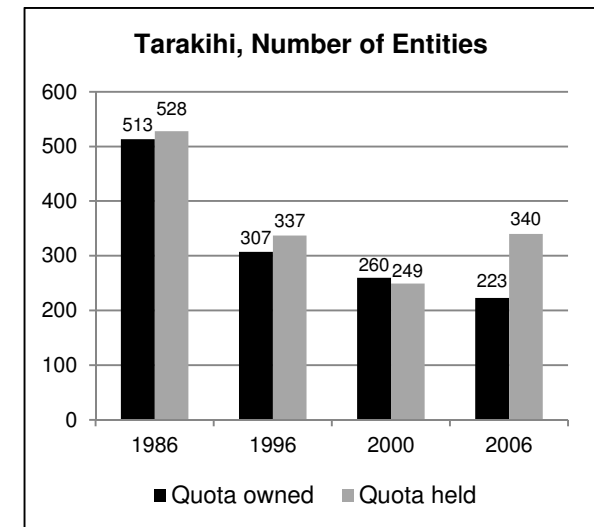
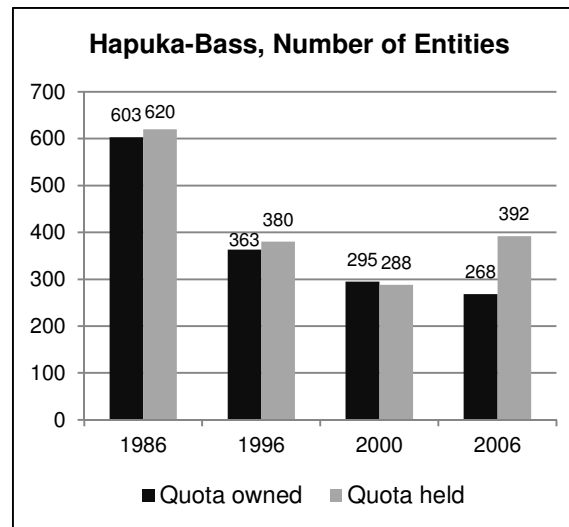
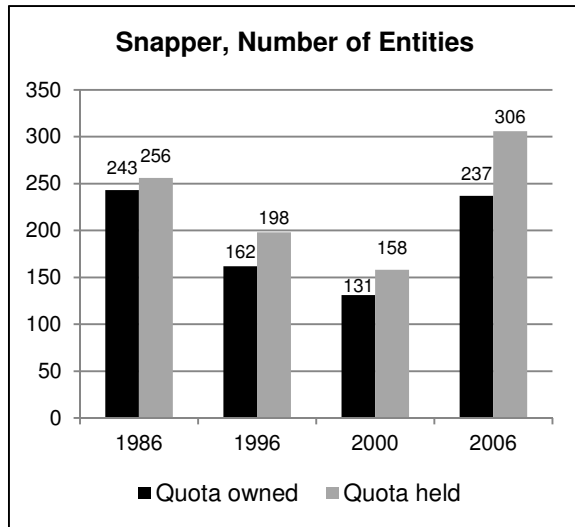


Efficient ACE Markets

- Facilitate catch balancing
- Reduce barriers to entry
- Reduce transaction costs
- Provide price signals and efficient resource allocation



Number of Entities

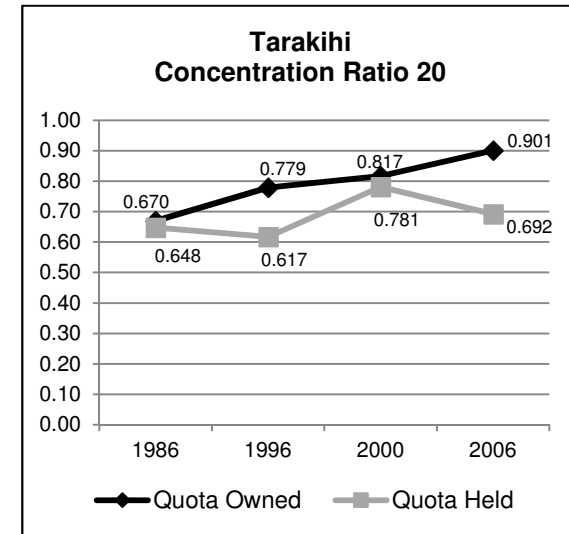
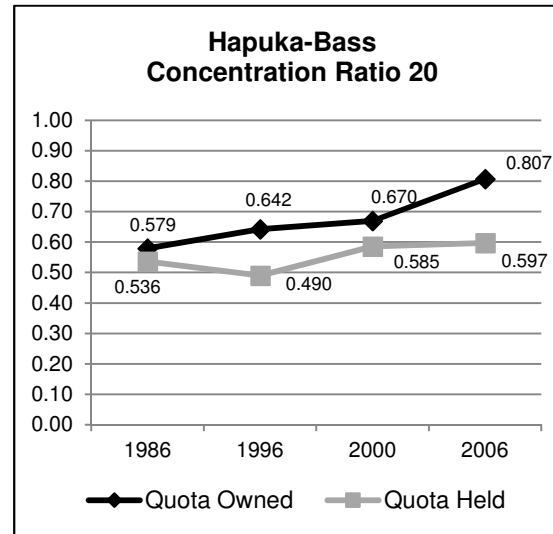
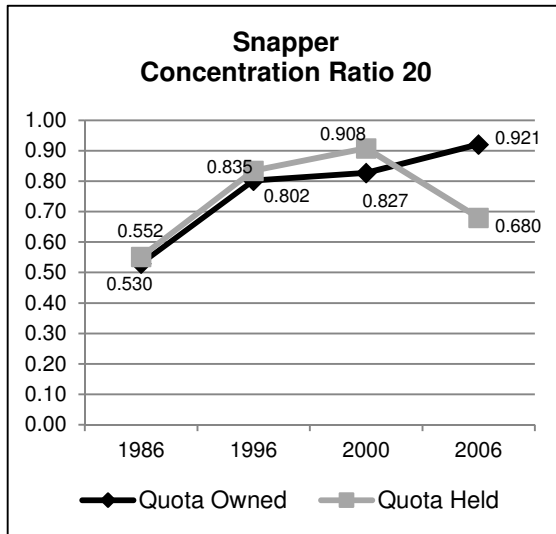


Stewart, J., and Callager, P. (2011). Quota concentration in the New Zealand Fishery: Annual catch entitlement and the small fisher. *Marine Policy*. 35 : 631-646.

Quota “holding” in inshore fishery increased after ACE mechanism was introduced in 2001



Quota and ACE Concentration



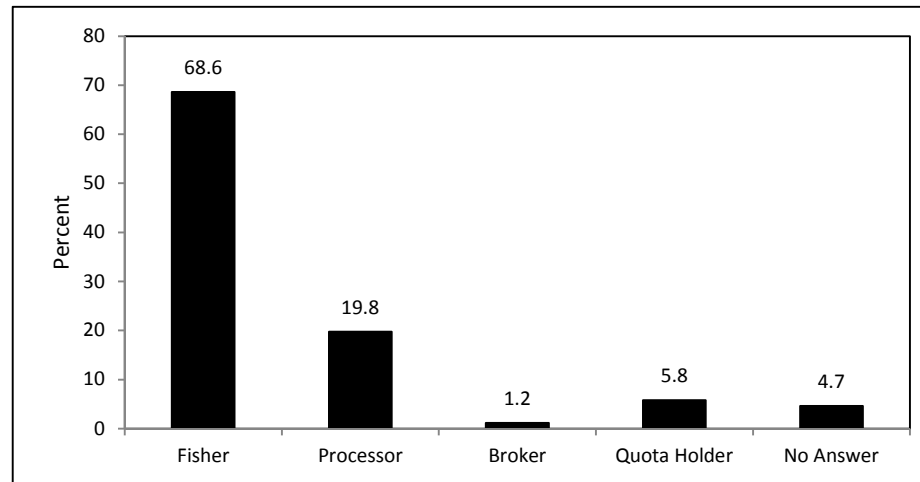
Stewart, J., and Callager, P. (2011). Quota concentration in the New Zealand Fishery: Annual catch entitlement and the small fisher. *Marine Policy*, 35 : 631-646.

- NZ inshore fishery had become more concentrated
- ACE market introduction (2001) has reduced concentration of ACE holding (quota held)
- Small fishers have entered fishery post 2001



Survey Results - ACE Market Characteristics: Nature of Involvement

TYPE OF INVOLVEMENT IN THE ACE MARKET (MAIN INVOLVEMENT)

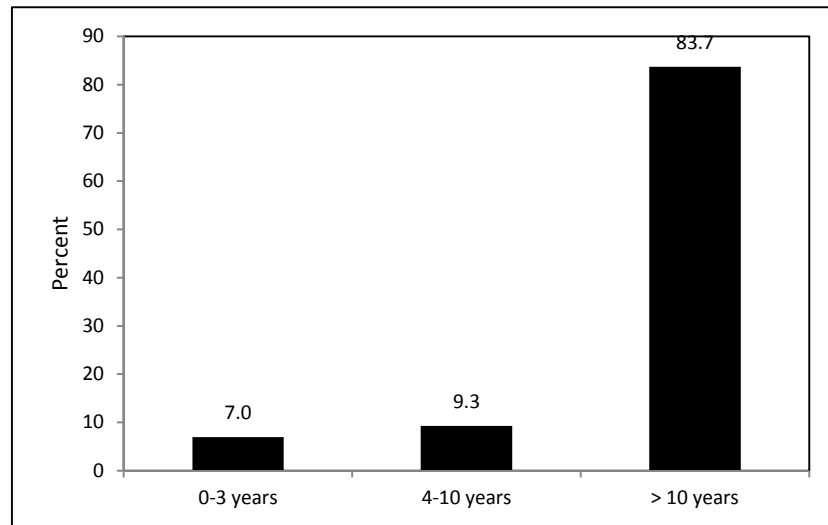


Fishers and processors dominate ACE market participation

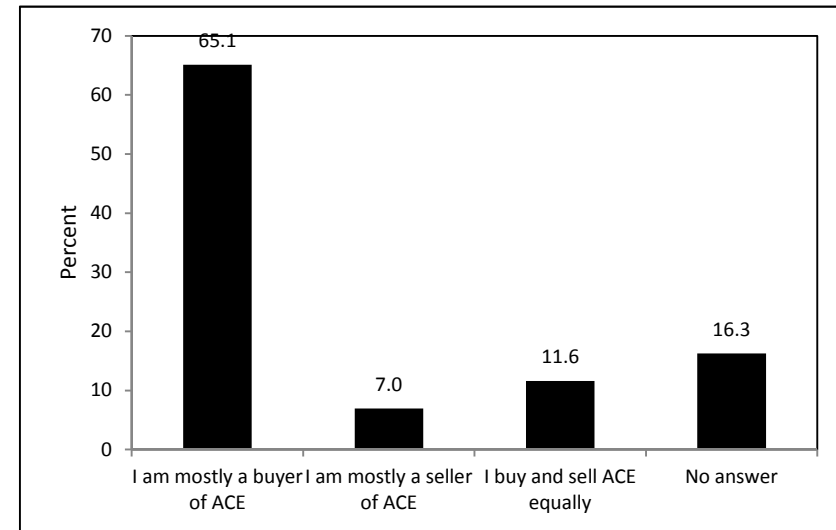


ACE Market Participation: Duration and Behaviour

YEARS OF INVOLVEMENT IN THE ACE MARKET



ACE INVOLVEMENT

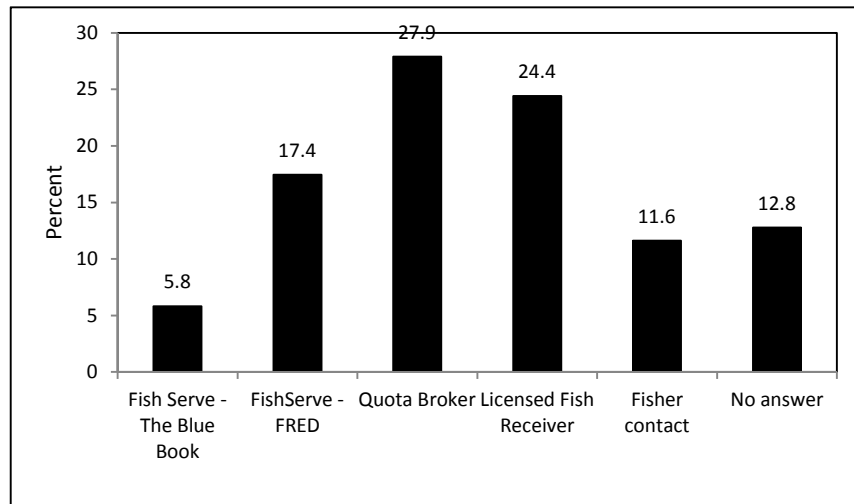


- Majority are long-stayers
- Majority of fishers buy ACE

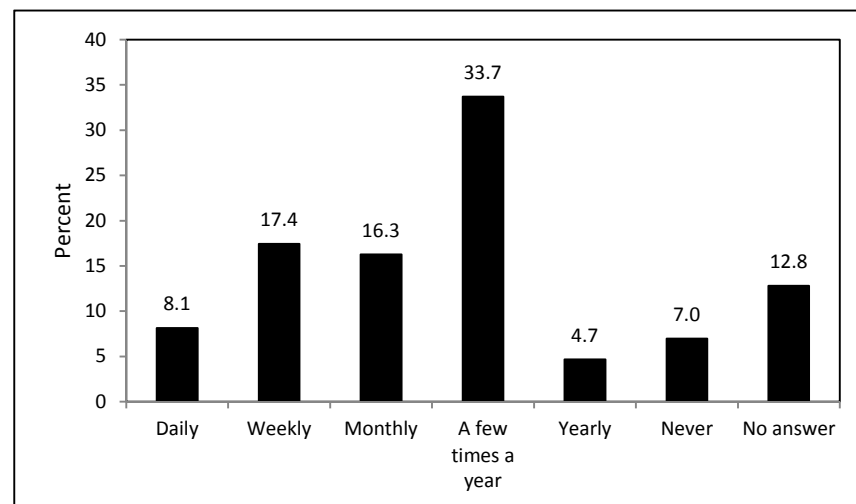


ACE Market Information Channels and Frequency of Search

INFORMATION AVAILABILITY



INFORMATION SEARCH FREQUENCY

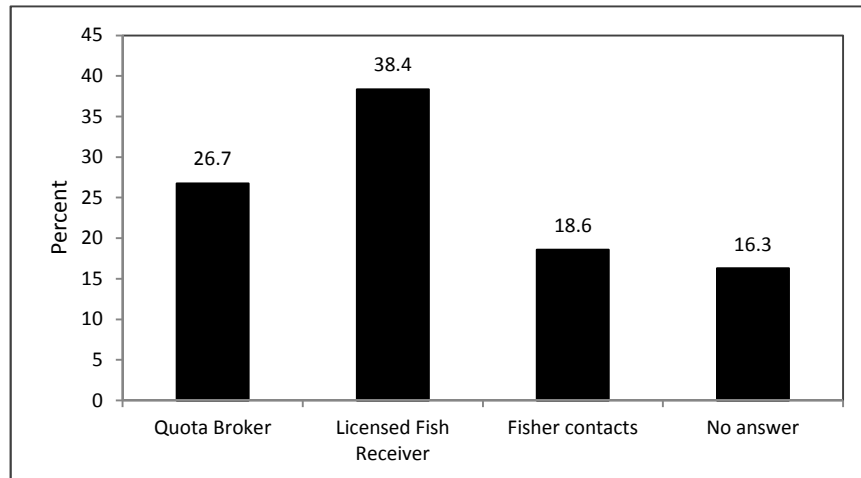


- Multiple search channels are available in ACE market
- Search for ACE is a regular activity for participants

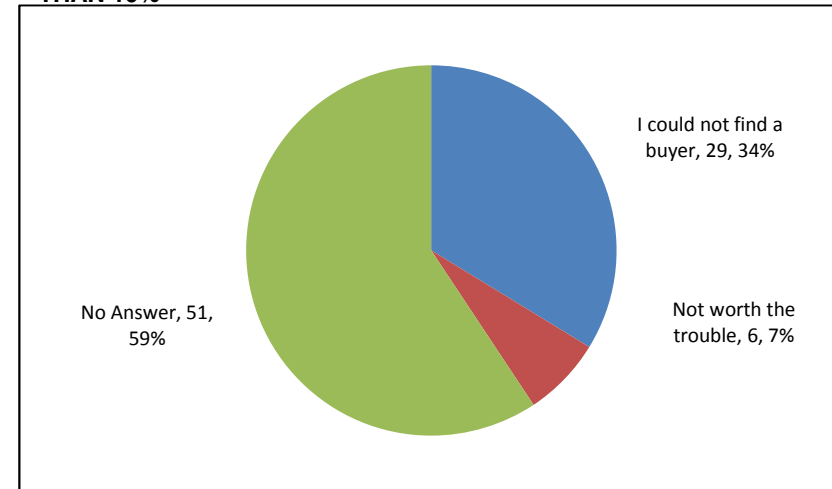


Channels Used for Sourcing ACE Disposal of Excess ACE

MAIN SOURCE OF AVAILABILITY



REASONS FOR NOT SELLING ACE IF UNDERFISHED BY MORE THAN 10%

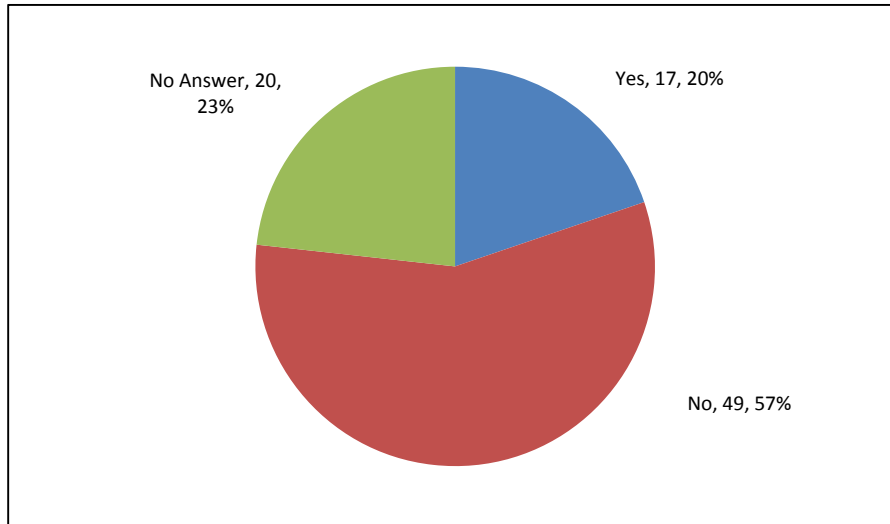


- LFRs play key role in providing ACE to fishers
- Some fish stocks have excess supply and zero price

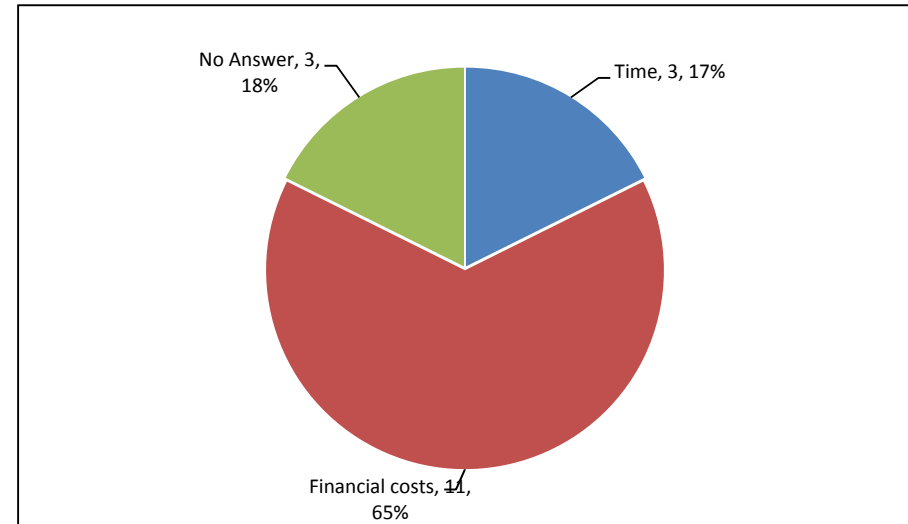


ACE Market Transaction Costs

ARE ACE MARKET TRANSACTIONS COSTLY TO PERFORM?



NATURE OF ACE MARKET TRANSACTION COST



- ACE market transaction costs are low
- Financial costs are the main transaction cost (e.g., brokerage)



THANK YOU