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NEW ZEALAND FRESHWATER FISHERIES MISCELLANEOUS REPORT NO. 9

COMMERCIAL ACTIVITIES  
1988/89

by

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CHRISTCHURCH

*Servicing freshwater fisheries and aquaculture*

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## NEW ZEALAND FRESHWATER FISHERIES MISCELLANEOUS REPORTS

This report is one of a series initiated in January 1989, and issued by the Freshwater Fisheries Centre, MAF Fisheries. The series was established to ensure that reports prepared for clients, tribunal hearings, internal use, etc., are collected together and available to future users. They are for limited circulation, and some may be confidential.

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## COMMERCIAL ACTIVITIES 1988/89

### EGG SALES

#### Summary

A very poor salmon run, jeopardised a very good level of egg orders. A lack of eggs meant that orders of 825 000 standard eyed eggs could not be fulfilled. In an effort to reduce the expected shortfall in revenue, all resources went into producing all-female stock eyed eggs. This included some increased efforts in the area of marketing to persuade an industry which was unsure of the potential of all-female stocks. The decision to concentrate on all-female stocks was a good one with final expected revenue totalling \$221,400, compared to pre-run orders of \$201,650.

#### Eyed-egg sales 1988/89

The orders received for eyed-eggs as at February 1989 are shown in Table 1. These orders represent a good year and total over \$200,000 in revenue.

However, the salmon run this year was poor and by the end of February our confidence in being able to supply all egg orders was waning; very few female salmon had returned to the trap. Like many other salmon farms, both freshwater and sea cage, we did have a large number of early maturing two-year-old male salmon which have little commercial use.

In early March, contingency plans were developed in case the female run did not increase - but actioning of this plan was delayed until it was certain we could not supply all our clients. There was no change in the numbers of females returning so in early May the plan was used. The plan included the following:

- Obtain one million standard eggs for MAFFish use at Glenariffe. This was supported firmly by the industry.
- Negotiate with New Zealand Salmon to transfer all our standard egg orders to them (after notifying clients). Based on estimates of what eggs we may get from Glenariffe - negotiate to buy one million green eggs off New Zealand Salmon for all-female production.

- Concentrate our resources on added-value, all-female stocks.

Subsequently a deal was struck with New Zealand Salmon which included the sale of green eggs at a price of \$50 per thousand.

The next phase of the egg take became rather complex: some companies started to change or cancel orders, the run was very closely monitored both at Glenariffe and Silverstream, we had to convince some companies of the value of all-female stocks, increase orders, develop strategies for increasing revenue, and maintain client confidence in our ability to produce sufficient eggs.

Fortunately there were some factors operating that eased the tension.

- The returning females were consistently above average in size and egg fecundity (up to 90 cm long, fecundity 6500 eggs c.f. average size of 76 cm length and 4500 eggs).
- Some firms agreed finally to reduce standard egg orders in favour of all-female eggs.
- "Magic milt" (milt from masculinised females) was sold to two companies who wanted to use their own broodstock but who were initially unsure of all-female stocks.
- We had an unexpected "late" run at Glenariffe (relatively speaking) of about 80 females in late May, and a steady trickle of females back to Silverstream boosted our estimate of final egg take.

Collectively, these factors allowed us to decrease significantly our reliance on New Zealand Salmon for green eggs, increase orders of all-female stock and fill some late orders for standard stocks.

One very late cancellation of eggs was disappointing but we were able to replace the order.

The final egg orders are shown in Table 2.

Although final orders were pleasing, especially in light of early run expectations, the possibility of a large export order could not be negotiated because of a lack of eggs. Hawaii Sea Farms wanted to secure an order of two million eyed standard eggs from New Zealand.

Hawaii Sea Farms were supplied a percentage of their order by New Zealand Salmon and Mr Eric Mee. Price for these eggs was about \$US50.00 per thousand FOB. The Japanese company, Nichimo, through Fletcher Fishing, were also interested in getting some more eggs from Glenariffe.

Some thought will be required into eyed egg (both all-female and standard) exports in the future because we have been informed that the finding of VHS (Viral Haemorrhagic septicaemia - a serious viral disease of salmonids) in Washington State may produce a shortfall in chinook and coho eggs amounting to 45 million ova.

MAFFish has an advantage in egg production over other companies in that both Glenariffe and Silverstream incubate naturally matured eggs. Unlike our main competitor, New Zealand Salmon, who must hold their females for months before they mature, and treat them with fungicides such as malachite green, the females returning to the MAFFish facilities mature naturally as they migrate upriver - a good selling point.

#### LESSONS TO BE LEARNT

In 1988 we put a 25% pre-payment on all egg orders, payable one month after order confirmation. This was not liked by the industry. So in a conciliatory move in 1989 we waived the deposit requirement. With some companies apparently unable to plan their egg requirements with certainty, some thought will have to be given to our approach to egg orders for 1990.

This year was the first time all-female stock was available to the industry and although we did increase our marketing effort to maximise our sales of all-female stock, with positive results, nature did support us in this endeavour: this year both freshwater and sea cage farms throughout the country experienced higher than normal numbers of maturing 2-year-old males - fish which start to mature below accepted market weights and consequently erode predicted cash flows. The solution to this problem is the use of all-female stock.

Without the by-catch the total run could have been better than average. A reasonable assumption to make, given the above average size of the returning 3- and 4-year-old fish (the finding that the 3- and

4-year-olds were above average in size shows that the ocean conditions were conducive to high productivity which means there was probably high survival of these year classes as well). If more fish had returned there was the real possibility of increasing revenue by at least \$150,000, if we could have exported some eggs, excess to domestic demand.

This has been the most stressful season so far for the sale of eggs to the industry, a year when high demand for our product coincided with a low adult salmon returns. However, those involved have ensured that everything has run smoothly. A result made possible by using a set of clearly defined responsibilities and an effective communications link between the hatcheries and Kyle Street.

Michael Field-Dodgson  
Commercial Manager, Salmon  
21 June 1989

TABLE 1. Orders of salmon ova as at February 1989.

Company	Standard eggs	All-female eggs
Regal Salmon	125 000 - cancelled	625 000
Big Glory Salmon	700 000 - unable to supply	45 000
Marlborough Salmon	(400 000) replaced with all-female	500 000
Blackford Salmon	-	5 000
Winchmore Salmon	-	25 000
Total	1 225 000	1 200 000
\$ Value	\$71,250	\$130,400
		<b>TOTAL VALUE \$201,650</b>

TABLE 2. Orders of salmon ova as at June 1989.

Company	Standard eggs	Feminised milt (egg equivalent)	All-female eggs
Regal Salmon	-	-	625 000
Big Glory Salmon	-	-	60 000
Marlborough Salmon	-	60 000	570 000
Blackford Salmon	-	-	5 000
Winchmore Salmon	-	-	25 000
South Pacific Salmon	225 000	-	210 000
Mahunga Salmon	75 000	-	-
Akaroa Salmon	-	-	15 000
Blue Horizon Salmon	-	-	5 000
Southern Ocean Salmon	-	200 000	-
Total	300 000	260 000	1 515 000
\$ Value	\$21,375	\$28,600	\$171,800
		Total value	<u>\$221,775</u>
Revenue lost	\$41,500	(825 000 standard eggs at \$50/1000)	
Cost of NZ Salmon eggs	10,000		
Total	<u>\$51,500</u>		