

MONTHLY REPORT (September 2011)– TECHNICAL

RESOURCE RENT

According to section 55 of the Fisheries Management (Conservation) Regulations 2008:

“(1) The Minister may, by Notice published in a newspaper widely circulated in the Kingdom, raise a resource rent as he deems necessary on any fishery for the purposes of management and development of that fishery.

“(2) The resource rent referred to in sub-regulation (1) shall be based upon such information as determined by the Minister.”

Also in section 56 of the Fisheries Management (Conservation) Regulations 2008 it stated that:

“(1) Seventy five percent of funds raised from the resource rent shall be made available to the Ministry for the purposes of management of that fishery.

“(2) Twenty five percent of funds raised from the resource rents shall be paid to general revenue.”

Since 1994 Fisheries Division has imposed a 0.5% as resource rent on fish exports from the Kingdom. Resource rent is an [economic](#) term which derives from the exploitation of [natural resources](#). In this case it is applied to fisheries commercial export products as a compensation for the extraction of the resources from Tongan waters as given by this formula $(kg/piece)*fob)*0.5\%$. Resource rent is paid by exporters and is based on the local value of fish sold by individual fishermen and boats to the exporters (*FOB value – Free On Board, describes a price which includes goods plus the services*

at the time of offloading from the vessel at first landing or the cost to deliver goods or services to its destination without the inclusion of insurance and freight. This is a static value designated to each export product. The issues of concern regarding resource rent rests on the following matters:

1. The 1994 Static FOB values are not representative of current market FOB values and therefore as a result it underestimates the total monetary contribution by Fisheries to Tonga economy in terms of export. If Fisheries continues to use 1994 static FOB, the true economic performance of the fishing industry will not be known and it gives wrong signal to Government.
2. The revenue generated from export fees does not contribute to Fisheries Division's operational budget but to Government general revenue.
3. The Ministry is required under the Act and Management Plan to monitor and regulate the use of marine resources.
4. Accurate evaluation of exports by use of updated FOB value will ensure better measurement of economic growth and performance by Fisheries.

Revised Resource Rent is attached as **Attachment 1**. The new revised resource rent was approved by the Honourable Minister responsible for Fisheries in September 2010 but did not enforce until September 2011.