

## **Lobster Industry Working Group Meeting – 14 October 2010**

### **Chairman's Report**

#### **GENERAL**

From a Chairman's perspective there were a number of issues of continuing concern to the industry prior to this meeting eventuating. These had, as I understood it, remained unresolved from the last LobMAC meeting notwithstanding that some progress had been made in some areas. Importantly, the perennial issue of the annual management charge levied on the industry, the basis for it, and the equity of its application had culminated in industry members rejecting the draft 2010-11 budget proposed by the Department.

Despite these ongoing concerns, and some strains in the relationship between the Department and LobMAC as evidenced by some intense discussions between them since the last LobMAC meeting, the overall relationship appeared to remain strong. Consequently, provided there was a continuation of the positive and cooperative attitude demonstrated so far during my term as Chairman, I was hopeful that the meeting would find common ground on the outstanding matters.

#### **KEY OBSERVATIONS**

In the opening discussions, three key issues emerged as critical, namely Management Charges & Cost Recovery; FishOnline Initiatives; and Quota Season Dates. Of these, the first was seen to be paramount for resolution.

In an effort to progress this first matter, discussions were broken in to four principal components, as follows:

**Management/Administration:** Industry representatives were quick to emphasise their satisfaction with the quality of the support being provided to them by the current personnel in their respective management and administrative roles. Nevertheless, the industry stated that it maintains ongoing concerns with this component of the annual charge due to the lack of transparency surrounding it and that, because of this, it considers that it may well be subsidising other Departmental and management activities through this component. Following a lengthy discussion wherein the Department advised the meeting of impending changes that would establish 'pooled management' arrangements for the various fisheries, facilitate the determination of more justifiable and equitable cost allocations, as well as establish a forward 5-year budget program, industry representatives agreed to accept this component of the 2010-11 budget on condition that the above changes were confirmed and discussed with industry from early 2011.

**Compliance Costs:** This issue centred, as I understood it, on the actual amount of compliance costs factored into the overall management charge and, in particular, the need for this level of charge given that the industry, by all accounts and standards, is highly compliant. Of the occasional breaches detected, these are caused generally by one or two known industry offenders as well as some recreational fishers.

Departmental compliance officers provided a comprehensive outline of their approaches to compliance generally, and more specifically to the lobster industry, and argued the value to the industry of such approaches being maintained. However, as the discussion progressed, the real nub of the concerns emerged – that of the inequities which exist between the level of payments made by the lobster industry and those made by the abalone industry. The perception prevailed that the abalone industry has had, and is still receiving, a comparatively 'free ride' from government in terms of the fees and charges it is

required to pay. While it was acknowledged that the abalone industry is not in as sound a position as the lobster industry (either financially or economically) this was asserted to be a consequence of its own actions in the past few years. While the lobster industry has restructured, committed to research programs, and embraced a high level of self-regulation in its daily operations, the abalone industry has failed to do so. The lobster industry consequently considers the level of charges it pays compared to the abalone industry to be inequitable. Following further discussion, the industry agreed only to pay for the equivalent level of compliance being funded by the abalone industry for its industry ie 25% of compliance costs. Interestingly, in a later discussion, LobMAC again expressed its satisfaction with the Department's overall compliance and enforcement activities and that it continues to regard these as critical to maintaining the long-term viability of the industry. This later discussion simply affirmed the real issue as being the inequity of charges across the various fisheries.

Research Costs: as indicated above, the lobster industry has achieved significant improvements in the past several years through many strategies including a strong commitment to, and funding of, research programs. The industry representatives were adamant that this would continue. Consequently, the industry endorsed without change the research component charges for 2010-11.

Overheads: overheads, at 48%, are considered by the industry to be a significant contributor to the overall burden of charges on it. Following some discussion, wherein it was acknowledged by the Department that its broader activities have made it aware of the various levels of overheads applied in different fields and institutions eg universities etc, the Department advised that the current level of 48% is set by NSW Treasury and it is required to apply this figure to its activities. This component of the Management Charge, and its acceptance in the 2010-11 budget, went unresolved other than agreeing to put it, as well as the compliance issues discussed earlier, before the Principal Director, Fisheries & Compliance, Mr Paul O'Connor who was expected to attend later in the meeting to discuss matters of concern to the industry, including the budget impasse.

In the subsequent discussion with Mr O'Connor he commended the industry for its progressive outlook, its support for the Department's initiatives and agreed to approach Departmental Executives regarding:

- the imposition of 48% overheads and the potential for the application of differential overheads within the Department. While appreciative of the industry's concerns, he indicated that he was not confident that such a significant policy change would be achieved and, even if successfully argued, such changes definitely would not apply to the 2010-11 year; and
- the considerable inequities associated with the current application of compliance charges to the lobster industry relative to those applied to the abalone industry. Mr O'Connor acknowledged the merits of the industry's concerns and suggested that a more positive outcome might be achieved with Departmental Executives on this matter.

Following further discussion with Mr O'Connor it was agreed that further advice on these matters would be provide to industry by October 22,2010 after which the industry would be asked to endorse any amendments to the 2010-11 budget and allow invoices to be issued.

#### OTHER MATTERS

In the time remaining, the two other items identified earlier that potentially have a significant impact on the industry's operational efficiency were dealt with, as follows:

FishOnline Initiatives – this item generated significant discussion and concern at the last LobMAC meeting largely due to the ‘cumbersome and intrusive’ reforms being proposed by the Department for pre-fishing and post-fishing reporting, as well as on-shore management of catches. While out-of-session discussions occurred on these matters after the last LobMAC meeting and prior to the industry providing a formal submission to the Department in April 2010, the matters remain largely unresolved albeit that they apparently have progressed somewhat towards resolution. The industry accepted advice by the Department that its concerns have been noted and are being acted upon. It was suggested in subsequent discussions, and accepted by industry representatives, that revised proposals would be presented to the industry shortly.

In a related matter, a demonstration of the ‘FisherDirect’ website was also provided and was well received by industry. There was an overall acknowledgement of the usefulness of such a system and a unanimous agreement that it would be well utilised by the industry

Quota Season Dates – as a result of difficulties encountered by a number of industry members at the close of the 2009-10 quota year (where adverse weather and currents severely limited the ability to take lobsters), proposals were advanced by the Department for changes to the quota year.

Following the presentation of information regarding the disbursement of lobster catches by month and locale and the impact that any change to the quota year might have on lobster fishers in these areas, discussion then occurred on what the most appropriate changes, if any, might be and the practicalities of implementing such changes.

The meeting agreed that a change in quota year to 31 July each year would appear to be justified and that industry representatives should obtain the views of lobster fishers in their local areas on this change. The meeting also agreed that the Department should commence preliminary investigations into the costs, management support, revised IT arrangements etc with a view to implementing any change in 2011-12 subject to the Department formally discussing any changes with the industry.

#### SUMMARY

Notwithstanding the occasional depth of feeling on some contentious issues, the continuing commitment to the lobster fishery by both industry and the Department again prevailed at this meeting. Ultimately it was another productive and informative meeting at which what were initially seen to be lingering and potentially disruptive issues were openly tabled and discussed. Many Departmental initiatives are being well received, in principle, but again ‘fine tuning’ of the details and openness of communication are essential if these initiatives are to be further progressed and ultimately accepted by industry.

In particular, the finalisation of initiatives by the Department regarding the realignment of cost sharing, uniform cost recovery and a transparent approach to the bases for such charges all within a reasonable time frame is critical. This will again ensure that cooperative approaches between the Department and the industry continue and assure the ongoing viability and sustainability of the industry.



A A Dodds  
Chairman, LIWG  
October, 2010.