

GOVERNMENT RESPONSE TO THE RECOMMENDATIONS OF THE INDEPENDENT REVIEW OF NSW COMMERCIAL FISHERIES POLICY, MANAGEMENT AND ADMINISTRATION 2012

This document outlines the NSW Government's response to each of the recommendations contained in the Independent Review of NSW Commercial Fisheries Policy, Management and Administration prepared by Mr Richard Stevens, Mr Ian Cartwright and Mr Peter Neville in March 2012. The response builds on the initial public release of the review report by the Minister for Primary Industries, the Hon. Katrina Hodgkinson MP, on 25 May 2012 including the initial policy announcements on three key areas of reform: structural adjustment, governance processes and consultation mechanisms.

The indicative timeline attached to this response shows the path forward, including a consultation phase that needs to occur with the commercial fishing industry regarding various components of the reform program (such as the linking of shares to catch or effort, the establishment of a peak industry body and the identification of existing input controls that will become redundant once there is a cap on total catch or effort levels). An industry liaison officer is being appointed to facilitate industry consultation and communication about the reform program.

KEY RECOMMENDATIONS

TOR 1 – Fisheries Management – governance and administration

Recommendation 1.1: That the Minister ensure that appropriate powers are delegated to the Department and exercised to enable operational decision making to occur at the responsible level in the Department, with adequate reporting to the Minister to ensure accountability and transparency

The Government supports this recommendation.

Appropriate delegation of decisions can be delivered by retaining powers within the legislation at a Ministerial level, but using the delegation powers contained within sections 227 & 228 of the *Fisheries Management Act 1994* ("the Act") to enable specified office bearers within the Department to make the decisions. This approach is common across portfolios and given effect to via 'Instruments of Delegation'. The most recent Instruments of Delegation in respect of the *Fisheries Management Act 1994* and associated Regulations were approved and published in Government Gazette No.47 on 4 May 2012.

In terms of reporting delegated decisions to the Minister, the Government expects that the Department will inform the Minister of statistics on general administrative decisions on a semi-regular basis (e.g. annual reports on the number of commercial fishing licences issued, refused and suspended), and on an individual basis for decisions using powers that are seldom used or likely to be controversial in nature.

Recommendation 1.2: That the Executive Director, Fisheries take all steps necessary, including the creation of a formal Executive Management Group, to ensure the implementation of a co-operative and collegiate decision-making approach which guarantees involvement of the areas of management, research, compliance and administration with an overall resource focus rather than an emphasis on sectoral (commercial, recreational, Aboriginal and conservation) interests

The Government supports this recommendation and notes that the Executive Director, Fisheries has commenced this process.

Recommendation 1.3: That the responsibility for ensuring that this co-ordination and co-operation flows through into servicing the Advisory Committee/Tasked Working Group processes lies with the Directors of Commercial and Recreational and Indigenous fisheries under the guidance of the Executive Management Group; further, that priorities for research and compliance activities should also be driven significantly through this process

The Government supports this recommendation.

It is noted, however, that the research priorities need to be developed in collaboration with the NSW Fisheries Research Advisory Bodies (existing advisory groups comprising a cross section of key stakeholder representatives) and taking account of the National Fishing and Aquaculture Research, Development & Extension Strategy 2010.

Recommendation 1.4: That delegated powers are provided to the Executive Director, Fisheries so that this position can exercise decision-making responsibility arising from the Advisory Committee/Tasked Working Group processes which report to this position

The Government supports this recommendation, as per the response provided to Recommendation 1.1.

Recommendation 1.5: That the existing public sector arrangements for the management of NSW fisheries remain with NSW DPI incorporating a Fisheries Division and that a separate statutory Authority model not be pursued at this time. However this review recommends significant changes to the current Departmental model

The Government supports this recommendation at this time.

The Government's position on governance and administration for fisheries management in the longer term may be influenced by the responses to the review of Livestock Health and Pest Authorities and the Marine Parks Audit, noting that the relevant recommendation in the Audit stated: "the governance of the NSW Marine Estate be reorganised by bringing the entire estate under one legislative and administrative structure that is closely aligned with the five catchment management authorities covering the NSW coastal drainage systems".

Recommendation 1.6: That the Commercial Fisheries Trust Fund continue to receive all funds from industry, and these, together with consolidated revenue funds, be directed to offsetting the costs of fisheries management. To enhance transparency and accountability, industry should be consulted on the priorities for expenditure across both sources of funds

The Government supports this recommendation.

While the responsibility for and decisions on priorities for expenditure ultimately rest with the Government, advice will be sought from the new Ministerial Fisheries Advisory Council (MFAC) (see Recommendation 2.1) on the best process for consulting with industry stakeholders regarding future expenditure priorities (i.e. the setting of overall program priorities).

Recommendation 1.7: That current management charges be progressively increased, initially in the form of a flat charge per share class, irrespective of the level of shareholding or catch, to recover a higher proportion of management costs and facilitate the structural adjustment process

The Government supports this recommendation for the five newest share management fisheries (Ocean Trawl, Ocean Trap and Line, Ocean Hauling, Estuary General and Estuary Prawn Trawl) as a transition between the current 'per fishery' fee structure to a 'per share' structure once shares are directly linked to catch or effort.

The change, to commence from July 2013, will reduce the level of subsidy historically provided by government which, as the Review Report suggests, promulgates the existence of latent effort. An increase in the level of cost recovery has been foreshadowed with industry for several years now.

Note that it is not proposed to adjust the fee structures in the Abalone and Lobster quota fisheries which already apply on a 'per share' basis (noting that the amounts of those management charges vary from time to time).

Structure and level of the new charge

While full cost recovery has been identified as a future goal, implementing it at 100% now has the potential to severely impact the more productive shareholders who may wish to invest in additional shares in preparation for the linkage of shares to finer scale resource access (i.e. species or effort quota).

Further, while the Review recommendation was for a flat charge per share class, the Government is concerned about the impacts of this approach on businesses with a diverse shareholding structure.

The desired balance will be delivered by applying charges at the 'share class' level as recommended in the Review, doubling the overall revenue raised from the five relevant fisheries from \$1.39 million to \$2.78 million and applying a discount that will assist diverse fishing businesses.

Accordingly, this moderate increase in charges and new charge structure aims to:

- ◆ deliver the necessary incentive (along with the opportunity for exit grants) for shareholders with low or no fishing activity to divest themselves of shares;
- ◆ moderate the impact on fishers wishing to remain and invest; and
- ◆ account for the diverse nature of fishing businesses in NSW.

Specifically, the first two share classes held by a shareholder within a fishing business will be charged at the same flat rate and each additional share class held will have a 10% discount applied (see Table 1).

Table 1. Example of the proposed management charge structure for shares held in a fishing business where the charge is constant for first two share classes and discounted at 10% for each subsequent charge. Note the pattern continues beyond five shareholdings and the base \$1,000 amount was chosen in this example for simplicity only.

No. of share classes held in business	Charge for each share class held					Total charge
	One	Two	Three	Four	Five	
1	\$ 1,000					\$ 1,000
2	\$ 1,000	\$ 1,000				\$ 2,000
3	\$ 1,000	\$ 1,000	\$ 900			\$ 2,900
4	\$ 1,000	\$ 1,000	\$ 900	\$ 810		\$ 3,710
5	\$ 1,000	\$ 1,000	\$ 900	\$ 810	\$ 729	\$ 4,439

Doubling the total revenue raised from the five relevant fisheries will result in an estimated attributable cost recovery rate of around 40% across all fisheries.

The additional revenue will encompass an amount to fund consultative services that could be provided by the Peak Industry Body (refer to 'Minor recommendations' below). It is not possible to define the actual amount to be set aside for consultative services until further consideration has been given to the specific services needed, governance standards and the payment structure (e.g. shareholders, fishing business owners, commercial fishing licence holders, or some combination of these).

For illustrative purposes, four potential combinations of charges (consultative versus management charges) are set out in Table 2. They have been calculated on the basis that: (i) the total additional amount recovered is \$1.39 million, (ii) the management charge applies to each 'share class' in a fishing business, (iii) the charge for the third and each subsequent share class is discounted by 10%, and (iv) it is assumed that the consultative charge applies on a per shareholder basis (i.e. irrespective of the number of businesses owned).

Table 2. Indicative comparison of consultative and management charge amounts under four different scenarios. Note the total recovered remains constant.

Scenario	Consultative charge (per shareholder)	Share management charge*	Total recovered through share management charge	Total recovered through consultative charge	Total recovered
1	0	\$ 845	\$ 2.78 m	0	\$ 2.78 m
2	\$ 250	\$ 775	\$ 2.55 m	\$ 0.23 m	\$ 2.78 m
3	\$ 500	\$ 705	\$ 2.32 m	\$ 0.46 m	\$ 2.78 m
4	\$ 750	\$ 635	\$ 2.09 m	\$ 0.69 m	\$ 2.78 m

* per share class for the first two share classes, with each additional share class held within a fishing business attracting a 10% discount calculated as per the example in Table 1.

There is some historical evidence that changes to the fee structure and level will stimulate the restructuring and consolidation of shares. A modest increase to management charges in 2011 (without any accompanying commitments by government to link shares to resource access) resulted in a number of businesses restructuring their shareholdings in order to reduce their fee liability, with some even offering to surrender their shares.

Recommendation 1.8: That the task of developing a formal cost recovery policy be undertaken as a priority activity by the Ministerial Fisheries Advisory Council

The Government will consult the new Ministerial Fisheries Advisory Council (MFAC) regarding the development of a cost recovery policy for NSW fisheries, noting:

- ♦ that the responsibility for and decisions surrounding cost recovery ultimately rests with the Government. Accordingly, the Government will need to provide the policy scope, context and any general philosophies or constraints against which the policy will need to be developed; and
- ♦ there are potential benefits in achieving consistency in cost recovery approaches across the various fisheries sectors (e.g. commercial fisheries, aquaculture, recreational fisheries).

Providing assistance to the Government regarding the development of a cost recovery policy should be a priority activity for the MFAC.

TOR 2 – Consultation framework

Recommendation 2.1: That the Minister forms a Ministerial Fisheries Advisory Council, initially under s.229 of the Act, comprising expertise based membership across the full range of skills and stakeholder interests involved in fisheries management. The Council should focus on strategic policy issues rather than operational matters and form working groups when necessary to address specific issues

The Government supports this recommendation and will amend the *Fisheries Management Act 1994* and *Fisheries Management (General) Regulation 2010* to give effect to it.

The MFAC will provide cross-sectoral advice on strategic policy issues to the Minister for Primary Industries and include representatives from the commercial, recreational and Indigenous fishing sectors and other key stakeholder groups. The Council will be chaired by an independent person (i.e. non-Departmental, not a commercial fisher in NSW or a member of a recreational fishing organisation in NSW) appointed by the Minister. The Executive Director, Fisheries will be an ex-officio member.

Recommendation 2.2: That the Act be amended with respect to the establishment of Management Advisory Committees to provide for their appointment and receipt of advice by the Executive Director Fisheries, rather than the Minister; further, that their appointment be through the calling of nominations from interested persons and not by election

The Government supports this recommendation.

The Government will amend the *Fisheries Management Act 1994* and associated Regulations so as to replace the existing provisions relating to Management Advisory Committees with a new structure that provides:

- ♦ for the formation of advisory groups on a ‘task’ or ‘as needs’ basis, reporting to the Executive Director, Fisheries;
- ♦ for the appointment of advisory group members on the basis of skills and expertise rather than through an electoral process; and
- ♦ flexibility in relation to the tenure of advisory groups and membership.

The Government notes that the appointment process and tenures of advisory groups and membership need to be transparent and appropriate grievance procedures put in place prior to implementation.

Recommendation 2.3: That the Seafood Industry Advisory Council be disbanded as a statutory body

The Government supports this recommendation, noting that the Seafood Industry Advisory Council will be disbanded all together, not just as a statutory body. In other words, the Council will not be retained as a non-statutory working group.

The advisory functions previously delivered through the Seafood Industry Advisory Council will be replaced by the consultative structure and processes outlined under Recommendation 2.4 below.

Recommendation 2.4: That consultation with the commercial fishing sector takes place through the following structured consultation pathways:

- **The Ministerial Fisheries Advisory Council on major strategy and policy issues (such as resource sharing, co-management, cost recovery and Harvest Strategy development for individual fisheries), Management Plans for individual fisheries, and any other matter referred to the Council for advice by the Minister;**
- **The Executive Director, Fisheries on major operational issues (such as gear changes, licensing changes, spatial closures and management plan development) via tasked working groups set up in consultation with the peak industry body and other stakeholder organisations, and for the setting of total catch or effort levels in individual fisheries via the Total Allowable Catch Committee;**
- **The peak industry body for the development of wider industry policy positions on issues such as cost recovery and other fisheries issues involving other non-fisheries Government agencies, for regional approaches to the resolution of localised issues, and as a first-stop calling centre for individual commercial fisher's issues;**
- **The Seafood Industry Council on broader marketing issues**

The Government supports the intent of this recommendation.

It is accepted that the:

- ♦ MFAC (see Recommendation 2.1) should provide advice on strategic policy issues;
- ♦ Executive Director, Fisheries should decide on operational issues with appropriate levels of consultation with relevant stakeholders, such as advisory groups, the peak industry body and stakeholder organisations as appropriate, and refer and necessary matters for the consideration of the MFAC;
- ♦ peak industry body should provide fishing industry views to government on an industry-wide, regional and to a lesser extent an individual fisher basis; and
- ♦ NSW Seafood Industry Council should advise on marketing related issues.

However, some details in the recommendation are not supported. For instance, the Executive Director, Fisheries need not consult with an established advisory group on operational issues if adequate alternative consultative approaches are used (e.g. direct

communication with shareholders). Equally, there is unlikely to be a need to engage the peak industry body and other stakeholder organisations in setting up each and every advisory group, particularly those focussed on very specific issues. There will also be instances where the setting of total catch or effort levels could be made by the Executive Director, Fisheries without needing to refer it to the Total Allowable Catch (TAC) Committee – e.g. short term limits; a fish stock shared between jurisdictions where a robust stock assessment or TAC setting process is already in place; etc.

The details surrounding the consultation pathways will become better defined as the roles and responsibilities for each type of advisory group and the peak industry body are identified (see response to the Review recommendations relating to the peak industry body).

TOR 3 – Review of Legislation

Recommendation 3.1: Review and amend (as necessary) the Fisheries Management Act 1994 and associated regulations to give effect to the recommendations made in this Review

The Government supports this recommendation.

The key areas for legislative change have already been identified on page 38 of the Review report. The Government will undertake a more thorough analysis of the specific changes needed and schedule them into its ongoing legislative reform program.

Recommendation 3.2: That a demerit point scheme be introduced to deter recidivist offenders and provide greater consistency in the application of penalties for illegal fishing

The Government supports this recommendation, noting that overall compliance regime is likely to benefit from improved incentives for reporting of offences once shares are linked to resource access.

TOR 4 – Resource sharing

Recommendation 4.1: That the Minister develops and implements a policy statement on resource sharing through the Ministerial Fisheries Advisory Council, which acknowledges the aspirations of the different fishing sectors, sets out preconditions for consideration of resource sharing proposals, guiding principles and a proper process for decision-making in relation to such proposals

The Government supports this recommendation.

The assistance of the new MFAC will be sought in the development of a resource sharing policy containing the attributes specified in the Recommendation. Providing assistance to Government regarding the development of a resource sharing policy will be a priority activity for the MFAC. Once developed, such a policy will be useful in guiding future government consideration of proposals to modify fishing activities that have the potential to benefit, or impact upon, different harvest sectors or community groups.

TOR 5 – Co-management

Recommendation 5.1: That the current state of working relationships between industry and the Department, together with the present failure of most consultative bodies across industry preclude the development of formal co-management arrangements at this time

The Government supports this recommendation.

The establishment and operation of a well organised peak industry body should provide scope to increase co-management opportunities over time.

TOR 6 – Structural Adjustment Programme

Recommendation 6.1: Fishing businesses should cease to have a role as a management tool to limit access once linkages (to catch, effort or a limited number of endorsements) are in place

The Government supports this recommendation as announced by the Minister for Primary Industries on 25 May 2012.

For share classes where the share linkage ends up being the number of endorsements, the linkage will only be considered to be 'in place' once the target number of endorsements has been met. For example, if the maximum number of endorsements in a share class is 100 and the target is 40 (to be achieved over a set period), then the 'fishing business limit' would only cease in respect of that share class once the maximum number of endorsements had reached 40.

Recommendation 6.2: That shares in each fishery be linked directly to resource access in the form of catch or fishing effort to achieve the biological and economic objectives of the Act

The Government supports this recommendation as announced by the Minister for Primary Industries on 25 May 2012.

Recommendation 6.3: That minimum shareholdings be applied to each fishery as: (i) a means of linking the number of endorsements in a fishery to total effort as a proxy for catch as part of an agreed restructuring plan, and/or (ii) as a means of reducing management costs

The Government supports this recommendation in relation to existing share classes but notes that minimum shareholdings may not be needed for new/additional share classes. For example, if a new/additional share class was set up to implement a catch quota for a species caught in multiple gears across multiple fisheries, there would be no benefit in having an *additional* minimum shareholding to those that already exist.

Recommendation 6.4: To encourage share trading and consolidation, implement a targeted exit grant process for fishing businesses, with eligibility determined via a tender process. The amount to be offered for individual fishing businesses should not be capped, and exit grant payments made once the shares on the fishing business have been transferred

The Government supports this recommendation.

In addition, the Government is supportive of tenders being submitted for:

- ◆ the transfer of all shares from one fishing business to another fishing business;
- ◆ the proposed surrender to Government of all shares held in a fishing business;
- ◆ the transfer of all shares held within a fishing business in a particular 'fishery' to another fishing business containing shares in that fishery;
- ◆ the proposed surrender to Government of all shares held within a fishing business in a particular 'fishery'.

The first two options assist shareholders wanting to exit from the industry. The second two options assist shareholders wanting to exit from a particular fishery but remain in other fisheries. All four options achieve the aim of consolidating shares. Conditions will apply to ensure the integrity of the scheme (e.g. to prevent the reversal of a share transfer after an exit grant is paid).

The targeting of share classes under the exit grant process will take account of factors including the relationship between shareholdings and activity levels within each share class, and the overall scale of activity within each share class (measured by the Gross Value of Product, GVP, or a similar metric).

One fundamental principle that will apply during the exit grant process is ensuring that the close of the tender period occurs after the forms of share linkage and the TAC/Total Allowable Effort levels are known. This will ensure that business owners have full knowledge of the level of access (in the short term at least) that will flow from share ownership into the future.

Recommendation 6.5: That structural adjustment should be implemented as a complete package through a three-year staged process, assisted by Government and industry funding. The package should establish an autonomously adjusting system which will increase management efficacy and the value of, and trade in, shares. The suggested levels of funding for each element of the structural adjustment process are:

- | | |
|-----------------------------------|---|
| 1. Exit grant | \$15.5 million max (at least one phase) |
| 2. Southern fish trawl/OCS | \$ 0.5 million (max) |
| 3. Implementation costs | \$ 1.2 million (preferably funded separately, but otherwise from within the \$16 million structural adjustment programme budget) |

The Government supports this recommendation.

Successful resolution of the southern fish trawl/Offshore Constitutional Settlement issues between NSW and the Commonwealth will also be reliant upon the availability of dedicated resources within NSW DPI (funded from within the proposed \$0.5 million allocation) and an equivalent commitment of resources by the Commonwealth Government.

The implementation costs associated with the entire three year program are likely to be higher than \$1.2 million taking account of the work volume and complexity, salary oncosts and overheads. Funding for much of this implementation cost will be drawn from the Commercial Fishing Trust Fund so as to maintain the full funding commitment for adjustment (exit) grants.

Recommendation 6.6: That the Minister makes two key decisions and announcements, one at the start of the structural adjustment process and a second, around 18 months later:

A first Key Decision and announcement, subsequently ‘backed up’ with legislative amendments, to:

- i) link shares with access (catch quota, effort quota or no. of endorsements) at the end of the structural adjustment period (end 2014);**
- ii) apply a moderate ‘base payment’ charge on shareholdings in each share class from July 2012;**
- iii) set total catch and effort levels (within around 18 months), in consultation with industry, to commence at the end of the structural adjustment period;**
- iv) undertake a process of exit grant payments (at least one round);**
- v) implement a process for consultation with industry at the share class level to determine the form of linkage;**
- vi) remove the limit on the number of fishing businesses as each share class becomes linked;**
- vii) identify unnecessary input controls and regulations that could be removed.**

A second Key Decision and announcement to be made about 18 months after the initial decision to:

- i) Approve the final form of share linkage (effort or catch) for each share class;**
- ii) Approve the determination of total catch, total effort or the number of standardised endorsements**

The Government supports this recommendation, with the Minister for Primary Industries announcing the following elements on 25 May 2012:

- ◆ linking shares with resource access and setting total catch and effort levels to commence by the end of 2014;
- ◆ undertaking an exit grant process;
- ◆ consulting with shareholders on the form of linkage over an 18 month period; and
- ◆ removing the limit on fishing businesses as shares become linked.

The Government’s position in respect of the recommendation to “apply a moderate ‘base payment’ charge on shareholdings in each share class from July 2012” is described under Recommendation 1.7 above.

A second key decision will be made and announced by the Minister for Primary Industries by the end of 2013 in relation to the final form of linkage for each share class and the total catch or effort levels that will apply.

The Government supports legislative amendments needed to give effect to the agreed recommendations from the review as outlined in the response to Recommendation 3.1.

An indicative timeline relating to implementation of various components of the reform program is attached to this response.

MINOR RECOMMENDATIONS

The Review Team recommends that the Department increase its capacity to undertake economic monitoring and analysis to inform management decisions (pg 7)

The Government supports this recommendation.

The Government agrees that the Department's existing information base and capacity for monitoring and analysing economic conditions for NSW commercial fisheries is limited, and commits to improving this capacity, subject to budgetary constraints.

The Review Team recommends that the application of community contributions for NSW fisheries be reconsidered with a view to their removal... (pg 25)

The Government does not support the removal of community contributions at this stage as it is a resource rent payable for the privileged right to commercially harvest a publicly owned natural resource.

However, the application of community contribution payments for NSW commercial fisheries will be further reviewed once the structural adjustment takes place.

The Review Team recommends that the Blue Book, or an electronic equivalent, be re-instated (pg 28)

The Government supports this recommendation.

Overall communication with fishers needs to be improved. The Government supports more extensive and timely utilisation of the NSW DPI website, and for paper-based management, research, compliance, administration and conservation updates to be made available for commercial fishers who do not have ready access to the internet.

The Review Team recommends that a code of conduct be developed by the Executive Director, Fisheries to apply to the performance of all members of advisory committees, including Management Advisory Committees, to ensure their effective operation (pg 32)

The Government supports this recommendation and will work with the Public Service Commission where appropriate to ensure that the advisory groups are managed in line with NSW Government best practice.

It is recommended that the peak industry body arrangements be finalised to come into effect as soon as possible after the Industry Forum (pg 35)

The Government supports this recommendation.

The timing for the establishment of the new body will depend on the complexity of the arrangements determined in consultation with the industry, and the scope of legislative change needed to give effect to it.

The Review Team recommends that no immediate changes be made to the regulations with respect to the issue of shares (pg 35)

The Government supports this recommendation.

The Review Team recommends that the Minister issue a statement of intention to build and support a strong sustainable NSW commercial fishing industry (pg 46)

The Government supports this recommendation.

For the life of [penalty] points, the Review Team recommends that a period of at least seven years is appropriate, given the high degree of difficulty in detecting/proving fisheries offences (pg 43)

The Government notes this recommendation.

The development of a penalty point scheme will involve consideration of a wide range of inter-related issues. It would be premature for the Government to commit to one aspect of the proposal without knowledge of the overall design. Nevertheless, differences are acknowledged in the ability to detect fisheries offences compared with, for instance, motor vehicle related offences.

The Review Team recommends that a process to identify consultation on and declare a network of Recognised Fishing Grounds statewide be undertaken at some time in future, but only after priority is given to the formal restructuring process recommended elsewhere in this report (pg 47)

The Government notes this recommendation and will consider it in consultation with the peak industry body.

The Review Team recommends that extreme caution should be exercised by the Government when considering new developmental fishery authorizations (pg 56)

The Government notes this recommendation.

The Review Team recommends that work on developing fisheries proposals/authorizations doesn't draw valuable Departmental resources away from higher priority fisheries management issues, given the amount of work still to do to adjust and manage NSW's main commercial fisheries (pg 56)

The Government notes this recommendation.

The prospect that any new developmental activities will be managed on a full cost recovery basis should minimise the disruptions to existing management projects.

The Review Team does not recommend that Government/industry purchase shares through a buyout (pg 69)

The Government supports the recommendation that an exit grant process is the most efficient and effective structural adjustment approach for NSW's commercial fisheries. However, it also supports the option of fishing business owners being eligible to submit an exit grant tender bid for packages of shares that are proposed to be surrendered to the Government instead of being transferred.

The Review Team recommends delaying large scale merging of share classes at this time... It is suggested that any potential share class mergers be identified during the period when fishers in share classes will be discussing preferred forms of linkage (pg 75)

The Government supports this recommendation.

The Review Team recommends that consideration be given to the ANAO Audit Report No 39 2008-09, which provides valuable insight into the process used in administering the 'Securing Our Fishing Future' structural adjustment package assistance programs (pg 78)

The Government supports this recommendation.

The Australian National Audit Office (ANAO) report provides useful guidance on key issues, including:

- ◆ the need for a multi-faceted communication strategy to distribute information to stakeholders regarding the structural adjustment process, to provide clear instructions to fishing businesses in order to minimise tender error and to provide information on how tenders will be evaluated;
- ◆ the different aspects that require consideration when deciding whether or not to provide an indicative price for buyout tenders;
- ◆ quality review processes to support the development and running of algorithms used to evaluate tenders; and
- ◆ the need for clear documentation throughout the evaluation process to maintain transparency.

The Government will ensure that the policies and procedures relating to the upcoming exit grant process are assessed and supported by an independent probity advisor.

The Review Team recommends that the Structural Adjustment Review Committee be established (pg 82)

The Government supports this recommendation.

The appointment of an expertise-based Structural Adjustment Review Committee, chaired by an independent person, is an essential component of the overall program. That Committee's role will be important to help facilitate shareholder agreement on share linkage and provide final advice to Government in cases where clear shareholder support for an option is not evident.

It is recommended that both the Fisheries Division and the commercial fishing sector (via the proposed Peak Industry body) agree to the appointment of a separately funded Project Manager to assist the Executive Director, Fisheries with implementation (pg 83)

The Government supports this recommendation.

Dedicated new positions are being created within NSW DPI tasked with implementing the approved outcomes of the Independent Review. This includes a trust funded Project Manager, an Industry Liaison Manager and an administrative support officer. The review implementation team will work closely with fisheries managers, relevant advisory groups and the peak industry body once formed.

In relation to the establishment of a Peak Industry body, this Review recommends that subject to the Minister agreeing to the recommendation from this Report that such a body be established, the existing Professional Fishermen's Association convene a Commercial Fishing Industry Forum before the end of June 2012 to decide on the constitution, (including roles and responsibilities), budget, staffing and other administrative matters. It is further recommended that this Forum be chaired by an Independent Facilitator appointed by the Director-General of NSW DPI, and that up to five delegates from each of the 7 Commercial Fishing regions be invited to attend the Forum to make decisions in relation to the Peak Industry body (pg 84)

It is recommended that the peak industry body arrangements be finalised to come into effect as soon as possible after the Industry Forum (p 31)

The funding of the Peak Industry body is to be achieved through an increase in the general share management charge accompanied by an explanation to all licence holders as to the purpose of the increase (pg 84)

The Government supports the establishment of a peak industry body for NSW's commercial fisheries. The body should have two main functions:

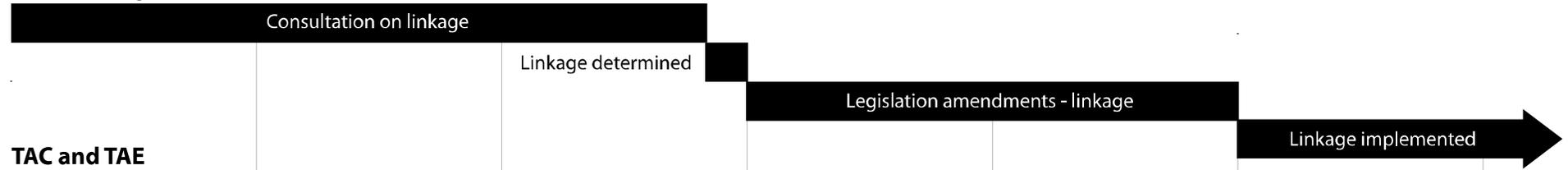
- ◆ a consultative function which is funded through an additional mandatory industry contribution, with the structure, quantum and timing of the contribution to be determined; and
- ◆ a representative function which is funded through a voluntary fee set by the organisation and payable directly by shareholders/fishers.

The arrangements for the peak industry body will be designed with the assistance of an independent expert. An expert will be commissioned to guide the process to meet the needs of both industry and Government, including consideration about whether the 'industry forum' recommended in the Review Report is needed. The industry, including the current Professional Fishermen's Association (PFA), will be consulted during the process.

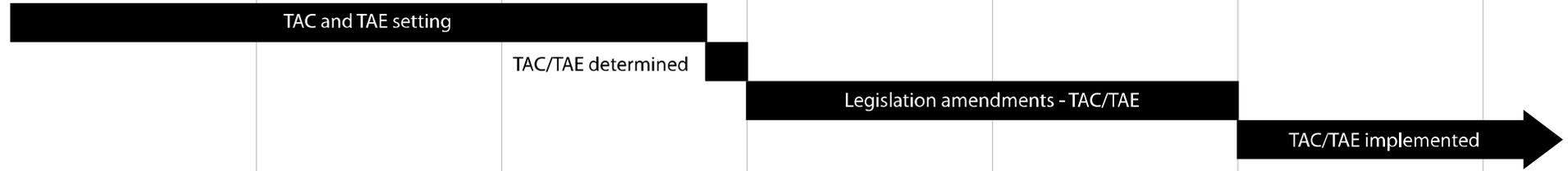
The Government must ensure that the governance arrangements are robust and equitable, and this may include a regionally-based structure to ensure adequate coverage across the industry. A mid-point review would also be prudent for the advisory function to assess the body's performance and effectiveness from both a commercial fishing industry and government perspective.

Indicative timeline for implementation of key components of the commercial fisheries reform program

Share linkage



TAC and TAE



Cost recovery



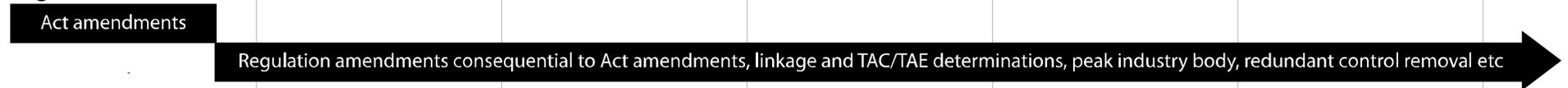
Exit grants



Advisory



Legislation



Peak industry body



J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
2012					2013					2014					2015																				