

# STRUCTURAL ADJUSTMENT REVIEW COMMITTEE

Industry consultation on draft  
recommendations for Ocean  
Trap and Line

- *Line fishing east*
  - *Line fishing west*
  - *Demersal fish trap*
  - *Spanner crab Southern Zone*
- Facilitator: Catherine Cooper

# Welcome

- Introductions
- Emergency procedures
- Details on how to claim for sitting fees, travel costs etc. will be provided at the end of the meeting
- Copies of documentation available

# Roles of Participants

- **Industry members** (expertise based) are invited to provide comment on the Draft Recommendations.
- **SARC members** will provide a presentation on the Draft Recommendations sent to shareholders and wish to get industry views on improvements and refinements to the recommendations
- **Fisheries manager** - available for specific management details or to help clarify previous working group deliberations.
- **Support staff** –
  - Annette will record key issues
  - Chad will listen in to ensure an understanding of industry perspectives

# Order of Proceedings

- Background to the Reform/Business Adjustment Program and Draft Recommendations
- Ocean Trap and Line
  - Line fishing east
  - Line fishing west
  - Demersal fish trap
  - Spanner crab Southern Zone
- At the end of the discussion, I will seek feedback on Draft Recommendations and generate a summary of key messages. Please hold your comments until the end of the presentation
- Brief presentation of Exit Grant Program – noting that this is not the focus of today's meeting

# Working Group Guidelines

- Please maintain a respectful and professional environment
- Comply with the direction of the facilitator
- Please indicate to the facilitator when you wish to make a comment
- No electronic recording permitted (to ensure full and frank discussions)

# Fisheries reform/business adjustment package **OVERVIEW**

Ian Cartwright  
SARC Chair

# History

- Reform not something new: three reviews 2005-2012 all suggested structural adjustment and some investment in shares has occurred
- Steven's review the last – accepted by Government
- Govt. clearly stated in a media release in November 2012 that the following would happen:
  - share linkages
  - management costs based on access
  - exit grant to assist restructure (\$16 million)
  - review of input controls.

# Objectives of the Reform

- Improve the long term viability of the NSW commercial fishing industry
- Improve the strength and value of shareholders' access rights (i.e. shares)
- Provide shareholders with improved opportunities and flexibility to tailor their access (and associated management charges)
- Improve management and the public's perception of the NSW commercial fishing industry.

# SARC's key roles

- Provide advice on share linkages and other issues relating to the reform
- Provide oversight of the reform programme

In short, the SARC is providing advice to the NSW Government in the implementation of fisheries policy

# Consultation

- Working groups helped develop options
- Options circulated for consultation
- Large number of submissions, many of which simply rejected the government decisions concerning reform and questioned the need for change
- Strong message: too far too fast
- Clear significant misunderstandings present
- Following submissions, SARC requested more time and two studies
  - Economic analysis of the NSW Reform Package
  - Review of proposed exit grant

# Linkages - what did SARC consider

- The initial allocation of shares
- findings of the independent economic study
- Suggestions made on linkage options in the public submissions
- The level of 'distortion'
- Estimates of economic impact on FBs and at the share class level
- Use of the exit grant to mitigate impacts for both buyers and sellers of shares and to target share classes where the economic impact is greatest
- Sustainability concerns for some species
- Risks of undesirable share consolidation
- Relative management costs of linkage options
- Cost-effectiveness of linkage

# Next Steps

- SARC will consider feedback from WGs, other meetings and submissions
- Refine recommendations where appropriate
- Linkage recommendations to Minister by end September
- Linkage announced
- Finalisation of details of exit grant process
- Run exit grant process

# DRAFT RECOMMENDATIONS

## OCEAN TRAP AND LINE WORKING GROUP

1. Line fishing east
2. Discussion
3. Line fishing west
4. Discussion
5. Demersal fish trap
6. Discussion
7. Spanner crab southern Zone
8. Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Trap and Line - Line Fishing Eastern  
Zone

# Key share class issues considered

- 14 Fishing Businesses (FBs) account for 80% of the value of the recorded catch
- 19 (of the 76) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers and the status of stocks
- There are sustainability concerns for some species
- Need for consistent and effective management of stocks across Commonwealth/NSW sectors

# Draft Recommendations

## July 2016

- Retain minimum shareholdings at existing levels
- Independent Allocation Panel to commence development of advice on the criteria for the allocation of new species shares for
  - bass groper, blue-eye trevalla, gemfish, hapuku, pink ling, bigeye ocean perch, ocean reef perch and orange perch
- Allow the use of an additional 1200 hooks/40 shares held above the minimum shareholding whether held in single or multiple FBs

## July 2018 (depending on rate of progress of the Allocation Panel)

- Allocate new species shares for each of the eight species
- The Total allowable catch (TAC) committee sets the TAC for each species
- Allocate catch quota to shareholders proportional to the new species shares held
- Species shares freely tradable
- Remove daily trip limit on gemfish

# Outcomes

- Catch quotas:
  - are the strongest form of access right
  - provide shareholders with access to a secure share of the stock
  - encourage economic efficiency
  - provide a direct control on catch through the TAC to address any resource sharing or sustainability concerns
- Improves operational flexibility by removing trip limit and allowing for additional hooks

# Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Trap and Line - Line Fishing Western  
Zone

# Key share class issues considered

- 84 Fishing Businesses (FBs) account for 80% of the value of recorded catch
- 47 (of 300) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers and the status of stocks
- Impact of previous management decisions on shareholdings

# Draft Recommendations

**July 2016**

- Increase minimum shareholdings from 40 to 50 shares
  - Resulting in a maximum of 270 endorsements

# Outcomes

- Removes a small proportion of excess capacity and reduces the potential risk of activation of that capacity
- May help to build social licence regarding take of significant recreational species

# Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Trap and Line - Demersal Fish Trapping

# Key share class issues considered

- 34 Fishing Businesses (FBs) account for 80% of the value of recorded catch
- 61 (of 177) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers and the status of stocks
  - Some sustainability concerns – snapper and grey morwong
- Impact of previous management decisions on shareholdings

# Draft Recommendations

## July 2016

- Increase minimum shareholdings from 40 to 50 shares
  - Resulting in a maximum of 163 endorsements
- Allow the use of an extra 10 fish traps/20 shares held above the new minimum shareholding whether shares held in single or multiple FBs

# Outcomes

- Removes some excess capacity and reduces the potential risk of activation of that capacity
- Improves operational flexibility and efficiency by relaxing fish trap numbers

# Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Trap and Line -Spanner Crab  
Southern Zone

# Key share class issues considered

- Catch quota introduced in the Northern Zone in July 2015
  - Quota allocated on basis of current shareholdings and an interim total catch limit (ITCAL) of 164,124 kg
- In the Southern Zone
  - 2 FBs account for 80% of the value of the recorded catch
  - 5 (of the 8) endorsed FBs have not reported any fishing
- Need for fishery-wide management of the stock
- Risk of activation of excess capacity threatening the economic viability of regular fishers and the status of stocks

# Draft Recommendations

## July 2016

- No change to current arrangements in the Southern Zone
- Retain minimum shareholdings at existing levels

## July 2017

- New spanner crab shares created and allocated on the basis of the Northern and Southern zones' proportion of the total catch of the fishery over the 15 years 1997/98 to 2011/12 (97% Northern and 3% Southern) and in proportion to current shares held
- The Total Allowable Catch (TAC) committee will set a state-wide TAC
- Allocate catch quota to shareholders proportional to the new species shares held
- New spanner crab shares replace current shares and Northern and Southern zones merged to form a single fishery
- All endorsement holders to be allowed to use 30 dillies
- Species shares freely tradable/leasable

# Outcomes

- Catch quotas :
  - are the strongest form of access right
  - provide shareholders with access to a secure share of the stock
  - encourage economic efficiency
  - provide for management of shared species with Queensland
  - provide a direct control on catch through the TAC to address any resource sharing or sustainability concerns
- Improves operational flexibility by relaxing controls on dillies

# Discussion

# Recommendations on exit grant

Feature	Revised Proposal
Who?	Sellers and buyers
Direct subsidy	Targeted to the share classes where linkage likely to have the greatest impact
How?	Centralised, computerised, anonymous exchange
Price information	Multiple rounds to allow for price discovery and an opportunity to revise bids if they wish
Fishing Businesses	Fixed price to be determined for empty fishing businesses
Time needed to trade shares	Immediately following completion of the <u>final</u> bidding round
Flexibility	Any shareholder can make a combinations of bids, multiple bids and both buy and sell bids

# **Administrative Matters**

# Close

- Closing remarks - SARC Chair
  - NB Submissions invited
  - [sarc.feedback@dpi.nsw.gov.au](mailto:sarc.feedback@dpi.nsw.gov.au)
- Close of session - Facilitator