

REVISED INTERIM GUIDELINES – Boat replacements in the Ocean Trawl Fishery November 2010

Purpose of the guidelines:

The purpose of these guidelines is to assist Industry & Investment NSW (I&I NSW) and the Ocean Trawl Management Advisory Committee (OTMAC) during the consideration of proposals to upgrade boats used in the Ocean Trawl Fishery (OTF).

Background:

A scheme known as 'unitisation' was introduced to the offshore prawn trawl sector of the OTF in the early 1990's to restrict the engine power, hull capacity and net length of boats used in this sector and is still in place today. Under this scheme restructuring was achieved, at least in part, through the amalgamation of boat licences (and engine units). The amalgamation of boat licences was an appropriate restructuring strategy given that access to the fishery was authorised by OP1 endorsements on boat licences.

However, some fundamental shifts in the management of the industry has resulted in the unit amalgamation policy (and removal of boat licences) no longer being an appropriate strategy for achieving adjustment in the offshore prawn trawl sector.

The first shift occurred upon the introduction of Restricted Fisheries in 1997 and involved attaching endorsements to fisher licences instead of boat licences. The same concept still applies today under the current Share Management Fisheries framework.

A second shift occurred upon the introduction of Share Management Fisheries in 2007. This shift involved a new policy of allowing boat licences to be transferred in their own right separate to fishing businesses. By allowing boat licences to be transferred separate to fishing businesses the link between boat licences and the components of a fishing business, such as shares and endorsements, was removed. Consequently, amalgamating boat licences no longer results in a reduction in the number of offshore prawn trawl endorsements in the industry.

In connection with the decision to allow boat licences to be transferred separate to fishing businesses a new policy was introduced that I&I NSW would no longer consider proposals to upgrade boats (or amalgamate units), but rather would direct proponents to source a suitable boat licence on the 'open market'.

It has, however, recently become apparent that sourcing a licence to suit a particular boat is not easy, particularly given the limited availability of good quality second-hand trawlers and the engine and hull capacity restrictions that must be satisfied if the boat is to be used in the offshore prawn trawl sector (i.e. in addition to the length restrictions that apply in all other sectors of the industry). Accordingly, I&I NSW is willing to refer proposals of this nature to the OTMAC and supports the OTMAC's request to develop and implement interim guidelines for consistent application of policy until the longer term structure and/or boat replacement rules for the OTF are finalised.

These guidelines will apply until such time as the 'Pymont Pact' discussions are finalised, during which the boat replacement rules applying to the OTF will be reviewed. They have been developed and adopted without prejudice to the 'Pymont Pact' discussions. The guidelines will be kept under review and may be modified over the period they are in force.

Variation to the Guidelines

A number of variations to the Interim Guidelines were approved on 23 November 2010. The need for the variations arose due to a number of issues, including the fact that one of the proposals received by the Department involved a significant increase in hull capacity (more than double the proponent's current hull units) for viability reasons rather than difficulty replacing the boat licence because of the unitisation scheme – the basis for the introduction of the Interim Guidelines.

Further, in response to feedback from shareholders, the OTMAC considered it appropriate to revise the share surrender rate having regard to the contribution that hull capacity and engine power deliver in terms of fishing capacity and catch, the relative risk of increased fishing effort in the inshore and offshore sectors and concerns relating to upgraded boats accessing other sectors of the industry.

The Interim Guidelines have been revised accordingly, and are described below.

Guidelines:

These guidelines apply only in respect of proposals that involve upgrading boats for use in the offshore prawn trawl sector of the OTF (i.e. licences with units):

- ▶ The licence holder must demonstrate that a concerted effort has been made to source a suitable boat licence and or boat on the 'open market'.
- ▶ All proposals considered under these guidelines will be referred to the OTMAC for consideration and advice to I&I NSW.
- ▶ The licence holder must offset the additional fishing capacity by surrendering (for cancellation):
 - *at least* 4 shares for each additional hull unit allocated; and
 - *at least* 1 share for every kilowatt (kW) of engine power.
- ▶ If additional hull units are granted under these guidelines, the total number of hull units (i.e. existing + granted) must not exceed 70.
- ▶ The licence holder may be issued additional hull length (to cater for the larger hull capacity boat), up to a maximum of 17% of the current 'maximum length' appearing on the front of the boat licence (but not exceeding 20m). See point below regarding use of boats with increased 'maximum length' in other fisheries.
- ▶ Of the total shares to be surrendered, 60% must be offshore prawn trawl shares and 40% inshore prawn trawl shares, subject to the following:
 - a. If the proposed replacement boat exceeds the 'maximum length' appearing on [the front of] the boat's licence, the proponent is to be subject to either (i) or (ii) below as determined by I&I NSW to be the appropriate course of action given the proponents circumstances, subject to the proponent choosing (iii) in respect of the northern fish trawl sector of the OTF:
 - (i) a condition prohibiting the upgraded boat being used in a fishery (or the northern fish trawl sector of the OTF) of the new 'maximum boat length' on the boat licence is less than the 'maximum boat length' restrictions set out in the share management plan for the fishery concerned;
 - (ii) removal of relevant 'exemption codes' if the new 'maximum boat length' on the boat licence is greater than the 'maximum boat length' restrictions set out in the share management plan for the fishery concerned;
 - (iii) a revised surrender split of 50% offshore, 40% inshore and 10% northern fish shares.

- ▶ The number of shares to be surrendered is rounded up to the nearest share.
- ▶ Approval of any proposals under the Interim Guidelines to be subject to a reputable and appropriately qualified marine surveyor measuring any new boats from interstate (or otherwise not already unitised in NSW) in accordance with the Uniform Shipping Laws (USL) Code.
- ▶ The licence holder's net units will be re-calculated using the net unit formula, based on the proponent's revised engine and hull units (but not exceeding 55 units).
- ▶ If the licence holder subsequently acquires a boat that is smaller or less powerful than the engine units, hull units or hull length offered, the licence holder will only be issued with sufficient units or length to cover the boat acquired (i.e. the licence holder does not retain any surplus units or length) and the number of shares to be surrendered will be adjusted accordingly.
- ▶ If minimum shareholdings in the OTF are increased, the rate of share forfeiture may be increased proportional to the increase in minimum shareholding.