



## Commercial Fisheries Business Efficiency Program Consultation

### Proposed new system of management charges for the five multi-species share management fisheries

#### What is being reviewed?

The current commercial fisheries management charges of \$1,184 per class of shares held by a business in the Estuary General, Estuary Prawn Trawl, Ocean Hauling, Ocean Trap & Line, and Ocean Trawl fisheries (excluding quota share classes, and with a 40% accumulative discount after the first two).

#### What is proposed?

1. A fixed base charge of \$1,000 per business, plus
2. A charge for every shareholding (including quota shares), generally based on:
  - a) the number of shares held, and
  - b) the GVP (Gross Value of Production) of the share class, with
  - c) a minimum of 50c per share.

#### Why the change?

Since the introduction of new management arrangements under the Business Adjustment Program, including new quota shares, many fishers have argued that the current system of management charges is unfair.

In particular, the fact that there is no charge on quota shares means that a small business with only a couple of endorsements may pay the same as a large business holding many tonnes of valuable quota.

DPI has been working with CommFish over several years to develop a fairer system.

This proposal is based on the key principle that *if you hold more shares you should pay more*.

NOTE: This is not about cost recovery. The total amount collected will be the same whether this proposal goes ahead or not. It would only change the way that the total amount is *shared out*, so there is a link between how many shares you hold and how much you pay.

## Further details

Tables 1-5 show the charges that would apply to shares – in addition to the base \$1,000 charge per business.

**Table 1. Proposed charges for shares in the Estuary General fishery**

Original share classes	\$ charge per share	Quota share classes	\$ charge per share
Category One Hauling – Regions 1-7	3.34	Beachworm Quota	5.70
Category Two Hauling – Regions 1-7	0.50	Blue Swimmer Crab Quota	0.50
Eel Trapping – Regions 1-7	0.50	Cockle Quota	1.39
Hand Gathering – Regions 1-7	0.50	Eel Quota	0.50
Handline – Regions 1-7	0.50	Ghost Nipper Quota	2.61
Meshing – Regions 1-7	2.61	Mud Crab Quota	5.77
Mud Crab Trapping – Regions 1-7	0.50	Pipi Quota	12.46
Prawning – Regions 1-7	0.78		
Estuary General Trapping – Regions 1-7	0.50		

**Table 2. Proposed charges for shares in the Estuary Prawn Trawl fishery**

Original share classes	\$ charge per share
Clarence River	3.15
Hawkesbury River	4.30
Hunter River	2.46

**Table 3. Proposed charges for shares in the Ocean Hauling fishery**

Original share classes	\$ charge per share	Quota share classes	\$ charge per share
General Ocean Hauling - Regions 1-7	0.50	Australian Sardine Quota	8.61
Garfish Net Hauling - Regions 1-7	0.50	Blue Mackerel Quota	4.42
Hauling Net General Purpose		Eastern Sea Garfish Quota	1.89
- Region 1	17.01	Yellowtail Scad Quota	18.15
- Regions 2, 4, 6	27.21		
- Region 3	11.34		
- Region 5	19.44		
- Region 7	8.50		
Pilchard Anchovy and Bait Net Hauling - Regions 1-7	11.47		
Purse Seine Net – <i>per shareholding</i>	2,582.17		

**Table 4. Proposed charges for shares in the Ocean Trap and Line fishery**

Original share classes	\$ charge per share	Quota share classes	\$ charge per share
Line Fishing Eastern Zone	1.32	Bass Grouper Quota	3.83
Line Fishing Western Zone	7.62	Bigeye Ocean Perch Quota	1.32
Demersal Fish Trap	8.50	Blue-eye Trevalla Quota	0.77
School & Gummy Shark	0.94	Gemfish Quota	0.50
Spanner Crab Northern Zone	0.50	Hapuku Quota	0.50
Spanner Crab Southern Zone	0.50	Pink Ling Quota	1.93
		Spanner Crab Quota	25.00

**Table 5. Proposed charges for shares in the Ocean Trawl fishery**

Original share classes	\$ charge per share	Quota share classes	\$ charge per share
Deepwater Prawn	2.42	Prawn Effort Quota	0.54
Fish Northern Zone	15.05	Bluespotted Flathead Quota	1.36
Inshore Prawn	-	Gemfish Quota	-
Offshore Prawn	-	Silver Trevally Quota	0.50
		Tiger Flathead Quota	0.75
		Trawl Whiting Quota	8.71

Note: These charges only apply to shares in the five multi-species shares management fisheries. A restricted fishery endorsement (eg. Southern Fish Trawl) will attract a separate charge.

## Examples

The hypothetical examples below show how management fees would be worked out.

### Business 1 – diversified across Estuary General and Ocean Trap & Line

2020/21 charge: \$3,760 (5 classes)

Share class	Abbrev	Holding	Per share	Total cost
Estuary General Trapping Region 3	EGT3	125	0.50	62.50
Estuary General Mud Crab Trapping Region 3	EGMC3	175	0.50	87.50
Estuary General Category One Hauling Region 3	EGC1H3	250	3.34	835.00
Estuary General Mud Crab Quota	MCRA	34	5.77	196.18
Estuary General Blue Swimmer Crab Quota	BSCRA	61	0.50	30.50
Ocean Trap and Line Demersal Fish Trap	OTLD	70	8.50	595.00
Ocean Trap and Line - Line Fishing Western Zone	OTLLW	60	7.62	457.20
\$1000 fishing business charge				1,000.00
<b>TOTAL UNDER THIS PROPOSAL</b>				<b>3,263.88</b>

## Business 2 – Ocean prawn trawler

2020/21 charge: \$2,368 (2 classes)

Share class	Abbrev.	Holding	Per share	Total cost
Ocean Trawl Inshore Prawn	OTISP	120	0.00	0.00
Ocean Trawl Offshore Prawn	OTOSP	60	0.00	0.00
Ocean Trawl Prawn Effort Quota	OTPE	8234	0.54	4,446.36
Ocean Trawl Tiger Flathead Quota	TFLAT	3	0.75	2.25
Ocean Trawl Bluespotted Flathead Quota	BFLAT	16	1.36	21.76
Ocean Trawl Whiting Quota	TWHIT	44	8.71	383.24
\$1000 fishing business charge				1,000.00
<b>TOTAL UNDER THIS PROPOSAL</b>				<b>5,853.61</b>

## FAQs

### Would fees increase under this proposal?

Some shareholders would pay more, but many would pay less. For comparison:

	Current system (2020/21)	Proposed new system
Shareholders paying less than \$3,000 p.a.	305 (44% of total)	432 (63% of total)
Shareholders paying more than \$10,000 p.a.	9 (1.3% of total)	31 (4.5% of total)

### Who would pay higher management fees?

Under this proposal, 43% of shareholders would have a fee *increase* compared to 2020/21.

The average increase for these shareholders would be ~\$2,300.

The shareholders who would have to pay the highest fees are generally those who hold a lot of quota, especially for high-value species.

### **Who would pay lower management fees?**

Under this proposal, 57% of shareholders would have a fee *decrease* compared to 2020/21. The average reduction for these shareholders would be ~\$1,000.

### **When would it start?**

The start date would depend on support from industry and approval by the NSW Government. Charges are only set once a year, ready for the new financial year starting 1 July.

### **How long would these new charges apply for?**

To give industry certainty, it is proposed that the new management charges would remain in place for three years (aside from annual CPI adjustments). Over those three years, DPI could work with industry on ways to refine the system for the future, for example by improving the information used to set prices.

### **Would this disadvantage mixed businesses with endorsements in multiple fisheries?**

Not necessarily. Because charges are based on the GVP of the share class, the total cost depends on which share classes are held, rather than just the total number of share classes.

If a business holds a lot of quota or access share classes, it may pay more compared to the current system. But many multi-endorsed businesses will pay less.

### **Why is there a \$1,000 charge on the business?**

This reflects the fact that some of the costs of fisheries management are fixed and DPI needs to provide some services – such as consultation, invoicing and stock assessment – regardless of the size of an individual's shareholdings.

If there was no charge on the business, there would be higher prices for shares and a much bigger range in management charges.

### **Why is there a minimum charge of 50c per share?**

CommFish felt it was important to apply a minimum charge. Otherwise, a very minimal charge (eg. 2c) would apply to some share classes with low GVP. The administrative costs of charging 2c per share would outweigh the amount collected.

### **Why is there no charge on Ocean Trawl Inshore Prawn, Offshore Prawn or Gemfish Quota shares?**

The Inshore and Offshore Prawn Trawl sector is subject to effort quota, with Prawn Effort Quota shares dictating the number of nights that can be fished. To avoid overcomplicating the system, or appearing to 'double up' on fees, shareholders would only be charged for the Prawn Effort Quota shares. (Note: This doesn't change the total amount collected from this sector, which is proportional to its GVP).

There is no charge for Ocean Trawl Gemfish Quota shares because no quota has been allocated.

### **Why does Ocean Hauling Purse Seine have a 'per shareholding' charge?**

In Purse Seine a per-share charge would be very unfair. The historical allocation of shares resulted in large differences in shareholdings, from 40 – 540 shares, with shareholders receiving no extra 'value' (such as effort quota or non-consumable quota) from extra shares. Combined with the high GVP of this share class, a per-share charge would have resulted in shareholders paying anywhere from \$700 - \$10,000 for the same basic access right.

For this reason, the proposal for this share class is a fixed charge per shareholding.

### **Why do regionalised share classes pay the same across all regions, apart from Ocean Hauling Hauling Net General Purpose?**

To avoid overcomplicating the system, regionalised share classes will generally pay the same across all regions for the same type of shares (eg. EG Meshing).

In Ocean Hauling - Hauling Net General Purpose, a single price across all regions would be very unfair. Minimum shareholdings differ significantly, from 50 in Regions 2, 4 and 6 to 160 in Region 7. Combined with the high GVP of this sector, a single price would result in shareholders in different regions paying anywhere from \$900 to \$2,900 to hold the minimum shareholding.

For this reason, the proposal is for a different price for each region, reflecting the different minimum shareholding requirements.

### **How have these prices been worked out?**

Prices have been calculated based on the Gross Value of Production (GVP) of each fishery. GVP for each year was calculated from reported landings and Sydney Fish Market prices, and then averaged over the 3 years to 2018/19.

DPI recognises that GVP figures are only estimates, that individuals can receive prices that vary significantly from SFM prices (higher or lower), and that GVP doesn't take account of other factors such as operating costs or profit. After lengthy discussion of other options, DPI believes it is currently the only consistent, fair and defensible way to share costs – at least in the short term. GVP is already used in many other jurisdictions either to calculate management charges (eg. WA) or as an economic indicator for fisheries (eg. SA).

The total amount that would be collected from the five fisheries based on the figures in this paper (~\$2.55M) represents **3.1%** of their combined average GVP. In comparison with other jurisdictions, management charges set at 3.1% of GVP are very low.

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