



OCEAN HAUL PURSE SEINE SHARE LINKAGE WORKING GROUP

Final outcomes meeting 1, Sydney Fish Markets, Sydney

25 July 2013

Attendees

Dallas D'Silva (DPI Chairperson), Denis Brown, Tony Virtu, Rocco Ianni, Wayne Kerr, Steve Kerr, Gary Warren, Bill Innes, James Cavelle, Khy Hua Chhua, Doug Ferrell (DPI), Joshua Foster (DPI).

Purpose of meeting

The aim of the meeting is to consider linkage options for the Ocean Haul Purse Seine Fishery, including the identification of current controls for review. The meeting noted the consultation and decision making process using the working group and shareholders, the Structural Adjustment Review Committee (SARC) and ultimately the government.

General discussion

The introductory presentation resulted in a number of discussions including the exit grant program, the role of the working group, clarification that the working group is not a decision making body, problems with past and present fisheries management generally, availability of shares, discussion about industry viability and the importance of strengthening the existing property rights in the fishery, increasing cost recovery of management costs, resource allocation framework between fishing broad sectors i.e. Commonwealth, commercial State, recreational state and indigenous, allocation between NSW commercial sectors.

The working group noted the Independent review findings with regard to the original purse seine share allocation criteria being:

“One anomaly in this criteria appears to be the maximum cap placed on the allocation of purse seine shares, which means the small number of large purse seine operators will have received relatively fewer shares compared to their past catches than the smaller purse seine operators.”

The working group also noted the independent reviews suggestion when considering the possible allocation of quota in the purse seine fishery:

“May be possible to arrive at an agreed allocation of quota through compromise/negotiation, addressing the equity issues within the fishery.”

The group noted that a quota allocation model may be able to address this inequity, but the detail of such a model would need careful consideration.

The meeting discussed what makes up the ‘value’ of a fishing business under the current management arrangements and how this translates into considering what makes up the value of a fishing business under future management arrangements. This was noted as important when considering removing some management controls and how these changes translate to fishing businesses value for an operator.

Validation of recent catch history was important to ensure that reported catch was being accurately reflected in the catch reporting system. The working group suggested that purse seine business owners should undertake their own self validation of recent catch history data. The industry members requested personalised recent catch history report to facilitate this validation.

It was noted during the introduction that the reference to quota in these discussions does not solely refer to catch kilograms. Quota can also refer to other disposable units such as days, gear and other effort units. The group noted it was important to ensure this was clearly understood during these discussions.

The group discussed the pros and cons of alternate quota allocation scenarios, including novel approaches that allows shareholder to convert general access shares to species quota shares. The group came to the conclusion that to make informed recommendations regarding allocation models, authenticated, validated data would be required. The Department committed to modelling several quota allocation regimes for further discussion. Initial discussion points are summarised the table below.

Action 1: DPI to model alternate quota allocation regimes for consideration by the working group and all shareholders.

The group unanimously agreed that using minimum shareholdings as a restructuring tool in this fishery was not an option due to the low latency already present in the fishery. The industry members also unanimously agreed that no new endorsements should be created through the restructure process regardless of the linkage option that may be put into effect. Shareholders expressed concern at the modelling of effort (days) linkage using an equal allocation per share approach and its impact on viability. Shareholders supported the need to consider other novel approaches that involve converting general access shares to species quota shares as this had potential to better reflect current business needs.

The members present agreed to have their contact details both email and phone number distributed to the other working group members to facilitate communication. The Department agreed to collate and distribute contact list.

Action 2: DPI to collate and distribute the contact list to industry.

It was noted that the SARC is independent of DPI and will be making final recommendations based on the merit of the proposed options and with regard to the objectives of the reform program.

Input controls that affect viability

Depending on the strength of the implemented linkage option, net registrations could be reviewed, dependant on ensuring the gear specifications in regulation were adequate. The working group sought to seek more input from all of industry as to weather current net registration regulations restrict current fishing operations.

The working group strongly supported maintaining the fishing business transfer rules that currently limit the creation of any new endorsements.

The working group noted that the asset value of large fishing boat licenses is significant and any move to remove fishing boat license as a management tool could have serious consequences on overall asset value on which fisherman currently rely on to obtain finance.

The group noted that the commercial fishing closures currently in place do not pose a serious impediment to the viability of the fishery and no changes were proposed.

Linkage options for further investigation

The working group discussed the linkage hierarchy recommended in the Independent Review Report (i.e. catch quota followed by effort quota followed by endorsement numbers) and identified various options to model for further consideration along with a range of pros and cons likely to be associated with each.

NOTE: Please note that the proposed modelling of the various approaches below is 'work-in-progress' and that the list of advantages and disadvantages will grow as a result of further consideration by the working group, fishers and DPI etc.

Model	Pros	Cons
Model a catch quota scenario using several different allocation models:	Increased scope to remove input controls that may be inhibiting efficiency or resulting in lost fishing opportunities.	High catch operators will probably need to acquire shares or purchase quota dependant on allocation model.
Simple model	Shareholder can choose to upscale/downscale dependant on need either through purchasing shares or leasing quota.	Need for highly responsive TACCs that closely follow stock abundance can be expensive.
Share 'option' allocation model		If leasing of quota is permitted, there may be risk of "quota barons".
Basket quota	Resulting security of access. Tradability between sectors, ie: commonwealth – state, within state sectors. Social licence benefit.	Potentially high implementation & ongoing costs – including ongoing stock assessments. Though these costs would be shared with the commonwealth and other resource users. Ie: recreational users. Risk of increased discarding (including as a result of high-grading).
Model the following effort quota scenarios: Days.	Increased scope to remove input controls that may be inhibiting efficiency. Shareholders can choose to upscale/downscale. Resulting security of access. Less discarding issues than under catch quotas.	High effort operators will probably need to acquire shares. Some fishers will be forced to change the way they work – so they don't waste their days – or to maximise their fishing time from their allocated days. Potentially higher implementation & ongoing costs. Cross fishery equity across sectors would need development of conversion factors. Fishing power variation between operators increases complexity and means days is not an effective stand alone option.

NB. Need to work out some of the detail of how the options would be implemented and monitored (e.g. the details of the last linkage approach above, how would a 'day' be defined, pre-fish reporting requirements, etc).

Other information/data requirements for next meeting

DPI to bring the following to the next meeting:

- Relative costs of the various options including relative to current management arrangements.
- Information regarding departmental discussions with financial institutions.

End.

More information

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For updates go to www.dpi.nsw.gov.au/fisheries/commercial/consultation

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