

OCEAN TRAP & LINE - SCHOOL AND GUMMY SHARK SHARE LINKAGE SHAREHOLDER MEETING

Outcomes meeting 2, Bermagui Fisherman's Co-operative

29 January 2014

Attendees

Veronica Silberschneider (DPI, Chair), Alan Broadhurst*, Garry Braithwaite, Stephen Hartley, Dominic Puglisi, Ben McCulloch, Jamie Puglisi, Shannon Fantham, Ian Loughnan, Matt Richardson (DPI Compliance).

Observers

Matthew Creek, Paul Sullivan, Tricia Beatty (PFA), Emil Hropic*, Warren Brandes*.

*Note that these attendees were present for only part of the meeting.

Welcome and Introduction

The Chair welcomed all attendees to the meeting and explained that the purpose of the meeting was to review the options for share linkage for the school & gummy shark share class for all shareholder feedback. All observers were provided with the 'Observer Registration Form' which lists the conditions of attendance. The Chair read out the conditions and observers agreed to abide by the conditions by way of their continued attendance. Mr Hropic and Mr Brandes did not provide prior notice of attendance. Generally, the total number of non-Departmental observers won't exceed half the total number of working group members. Since their presence would have meant that there were more observers than the number of members, the Chair sought confirmation from shareholders in attendance that they could stay. There was consensus from shareholders that these fishers could observe the meeting as long as they adhered to observer conditions.

Review of Action Items

Action items from previous meeting were noted. It was noted that the modelling requested at the previous meeting is still being completed, along with an ongoing review of gummy shark catches on catch returns for this share class.

SARC feedback

The main items from the Chair's summary from the SARC meeting on 8 & 9 January 2014 were discussed.

- ITCALs – Shareholders wanted the maximum ITCAL possible to be set for gummy sharks.
- New share classes – The SARC's advice was explained and put into context of the options provided to shareholders in the share linkage paper. There is a high level of distortion in this share class with relatively flat shareholdings and only a few fishers catching the majority of gummy sharks. In line with SARC's advice, the cost, complexity, uncertainty relating to buying/trading shares during the exit grant process and what shares would 'mean', as well as the extension of timeframes for implementing new share classes were discussed.

Gummy shark catch quota (TAC)

DPI presented gummy shark catches from 1997/98 – 2012/13. The highest catch level was in 1997/98. DPI did not use the 1997/98 catch level for setting the gummy shark ITCAL as NSW fishers had not nearly reached this level of catch since that time and so was not reflective of recent levels. DPI used the second highest catch level, which was in 2006/07, and recent catches had fluctuated near that point since that time.

Shareholders questioned how future stock assessments would be done and questioned potential for future growth of the fishery. DPI explained that the Commonwealth currently uses all available catch data, including commercial catch provided by NSW DPI, in their stock assessments. DPI also reiterated that the ITCALs are temporary and that biologically-based TACs would be set after the ITCAL period finished (in 2-3 years). Concerns were raised by shareholders about the Offshore Constitutional Settlement (OCS) and the impact if it collapses. DPI stated that the OCS was still in effect and discussions on management arrangements between the jurisdictions would continue into the future.

DPI presented the most up-to-date catch information at the meeting. However, due to continued validation of gummy shark catch information in this share class (particularly by location and endorsement), there was some uncertainty about the percentage of the ITCAL that would be allocated to the School & Gummy Shark (S&G) share class.

There was a suggestion that hooks would be a better linkage option than catch quota. Issues surrounding the cost of compliance for this option were discussed. Also, at the first meeting of S&G shareholders there was no support for hooks as a linkage option.

Some fishers expressed very strong opinions about having an ITCAL, in that the proposed ITCAL will restrict fishers who operate in the fishery, however, there was no dissenting voice about the way the actual ITCAL figure was calculated.

There was some discussion about increasing the ITCAL to better reflect current catches of those fishers that are actually catching gummy sharks, the impacts of doing so and the likelihood of this occurring. Fishers present objected to the ITCAL as proposed. If divided equally there is not enough quota available to allow each fisher to continue to operate at their current levels (particularly those fishers who are highly active in this share class). If divided using recent participation then some fishers argued that the value of their existing access right would be diminished. As such, DPI advised that both options would be included for consideration in the final options paper.

DPI presented information relating to the ITCAL allocated on shareholdings only, and based on allocations of 20/80, 33/67 and 50/50 splits (shareholdings/recent participation). Shareholders raised issues relating to buying shares that don't have any recent participation. DPI explained that the use of recent participation in an allocation process would require the issuing of a new class of share that would be linked to gummy shark quota. Discussions also related to acquiring additional quota and whether other share classes/fisheries would be issued with the new shares so that S&G shareholders could buy quota shares from them to be used within the S&G share class.

It was also explained that it is proposed that the current access shares remain.

DPI explained that the ITCAL would remain in place for three years to give fishers some certainty and provide for the ability to evaluate what would be necessary for future TAC setting (e.g. stock assessments).

Some shareholders present believed that the proposed ITCAL doesn't represent the potential for the fishery since only a small percentage of shareholders contributed to the catch.

Discussions between DPI and shareholders about misreporting of S&G catch (due to misunderstandings on how to report catch south of Moruya and how to correctly fill in catch returns) and ways to rectify this.

There was no consensus from shareholders present as to which of the proposed options were best suited to be implemented as part of the reform. Consequently, DPI advised that the options for a gummy shark quota system allocated based on shareholdings only, as well as on shareholdings and recent participation, would be presented in the industry consultation paper.

DPI noted that if recent participation was used then decisions would need to be made on the transferring of partial shareholdings (prior to the allocation of the new share class) and how much, if any catch, is transferred with those shares. DPI noted that that issue had not been taken into account in the modelling presented but may be a factor in an allocation process.

There was no support from shareholders to raise minimum shareholding requirements with a quota regime. If you are able to catch gummy sharks now (i.e are eligible for an endorsement) then you should be eligible to catch the allocated quota under a new system.

Some shareholders suggested that the allocations that include recent participation should also be modelled on a 1/99 and/or 10/90 basis as well.

A suitable fishing period was also discussed. Longer periods are not as easily adjustable yet other states have set a 2 year period (e.g. QLD spanner crab fishery). There was consensus that if a TAC did need to be set then it should be set on a year-to-year basis since it's more flexible. DPI advised that some other Working Groups have thought yearly would be better to start with.

DPI advised that monitoring of fishing activities using the IVR or smartphone apps is designed to reduce costs and enhance risk management. This was noted by the shareholders.

Minimum shareholding option

DPI noted that this is the alternative option if no other viable options are suggested.

DPI presented how Gross Value of Production (GVP) was used to assess the number of FBs that contributed to different levels of GVP. It was then explained how many shares would be needed for each FB to be eligible for an endorsement under the different number of FB scenarios.

There was general discussion about the option of an initial minimum shareholding increase and then quota after a set period of time. However, because of the distortion in the fishery, there was still a high degree of uncertainty as to the level of investment the high-catch fishers would have to further invest.

It was raised that there would be no return on investment as a result of having to increase shareholdings since it would not reduce the number of fishers that were actually fishing.

There was no consensus from shareholders present with this as an option.

Additional discussions

DPI presented information relating to the comparison of share linkage options.

Shareholders strongly advised that they should be provided with accurate costings relating to managing the fishery under the different options.

Members would like to see a definition of the 'value of the right' issued, as a result of any future share linkage options, included when those new linkages are implemented.

Streamlining proposals

The following comments were made by shareholders in response to the streamlining proposals presented in the paper:

- Remove fishing businesses as an effort control - some shareholders do not agree with this.
- Remove boat capacity restrictions – maintain the maximum 16m boat length restriction.
- Remove the restrictions on the number of hooks - supported
- Remove OG1s - not supported.

Additional streamlining proposals suggested by shareholders present include:

- Allow Mesh netting ocean waters
- Allow Auto lining

Where to from here?

DPI will continue to work with shareholders to correct catch return information so that the more accurate data can be used for the public consultation document.

Public consultation will likely commence in March for a 2-month period. During this time DPI will conduct port meetings across the state.

SARC will review submissions and make recommendations to the Minister. The Minister will make her decisions on share linkages around August and then exit grant process is to begin. Legislation amendments will be drafted at the same time.

All fisheries will have different linkage options and SARC will decide if fisheries can be managed consistently or if it is better for each share class to be managed differently.

Meeting closed 5.35pm.

More information

Veronica Silberschneider - 02 9435 4679