PUBLIC CONSULTATION PAPER:

Reform options for the garfish netting component of the NSW Ocean Hauling Fishery
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Public consultation paper: Reform options for the garfish hauling net component of the NSW Ocean Hauling Fishery

First published April 2014

More information

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2014). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the Department of Primary Industries or the user’s independent adviser.
**Readers guide**

This paper includes reform options for comment that are specific to the garfish net (hauling) (GFN) component of the NSW Ocean Hauling Fishery (OHF).

Anyone with an interest in this fishery should read the options presented in this paper and, where possible, provide feedback.

The following provides an overview of the documents available:

<table>
<thead>
<tr>
<th>General information paper</th>
<th>Provides general information about the reform program and issues applicable to all reform fisheries. <strong>A ‘must read’ for everyone to understand the background.</strong> The paper is titled “General information relating to the reform program and reform options for the NSW commercial fisheries”.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries options papers</td>
<td>These contain information about the options that have been shortlisted for specific fisheries or share classes. They include possible linkages, total catch/effort levels and potential changes to existing restrictions, along with the advantages and disadvantages of each option. <strong>A ‘must read’ if you hold shares in, or have an interest in, these fisheries.</strong></td>
</tr>
<tr>
<td>Technical paper</td>
<td>A separate paper has been prepared detailing how the proposed total catch/effort levels have been calculated. The paper is titled “Setting the Interim Total Commercial Access Level (ITCALs)”</td>
</tr>
<tr>
<td>Submission forms</td>
<td>Submission forms are available for each of the fisheries options papers. Relevant forms will be mailed to all shareholders and will also be available on the reform webpage: <a href="http://www.dpi.nsw.gov.au/fisheries/commercial/reform">www.dpi.nsw.gov.au/fisheries/commercial/reform</a></td>
</tr>
</tbody>
</table>
Have your say

A key part of the Reform Program is getting valuable feedback and ideas from industry and interested stakeholders. Constructive feedback to help work out the best overall approach will assist in shaping future management arrangements.

The complexity of the options laid out in this paper are acknowledged, as is the difficulty some fishers may have in working through the issues covered. If you require assistance in understanding the options presented or in developing a submission please contact the relevant Fisheries Manager, or the Industry Liaison Manager on the contact details provided below.

DPI staff will be visiting regional ports over the consultation period, during which time commercial fishers will have one-on-one opportunities to discuss questions and issues.

A submission form is available to provide comments. Alternatively, you may submit your comments in another form, such as a letter or summary of your views on each of the reform packages presented in this paper.

Note that submissions may suggest variations to the options presented in the fisheries options papers, provided they are within the broad scope of what the NSW Government approved and announced in November 2012 and are consistent with the reform program objectives described below.

However you choose to provide comment, it is important to note that subsequent decisions will be based on merit, rather than numbers for and against particular options.

The closing time for comments is 8am Monday 19th May, 2014.

Send your response to:

Mail: PO Box 4291, Coffs Harbour, NSW, 2450
Fax: (02) 6391 4726
Email: commfish.wg@dpi.nsw.gov.au

Following the closing date, a summary of the submissions will be prepared and made available on the DPI website. In arriving at decisions, the Minister will consider the issues raised in submissions, the views of key stakeholder groups, DPI’s advice and final recommendations from the independent Structural Adjustment Review Committee (SARC).

For more information on the NSW Commercial Fisheries Reform Program visit www.dpi.nsw.gov.au/fisheries/commercial/reform

Or contact the Commercial Fisheries Management on (02) 6691 9684.

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Reform options for the garfish netting component of the NSW Ocean Hauling Fishery

Foreword

The GFN component of the OHF targets Eastern sea garfish using a specific type of hauling net from beaches and boats. Catches have been highly variable through time (30 to 100 tonnes annually). The exploitation status of Eastern sea garfish is overfished.

The reform options presented in this paper focus on two important components of the broader reform program:

1. creating a stronger link to resource access; and
2. adjusting existing restrictions which have built up over many years and constrain efficiency.

The key objectives of the reform program are to:

- improve the long-term viability of the NSW commercial fishing industry;
- improve the strength and value of shareholders’ access rights (i.e. shares); and
- provide shareholders with improved opportunities and flexibility to tailor their access.

The reform options in this paper have been developed by DPI having regard to:

- the Commercial Fisheries Reform Program as approved by the NSW Government in 2012 (after consideration of the Independent Review of NSW Commercial Fisheries Policy, Management and Administration);
- ideas submitted by shareholders in writing and through discussions with fisheries managers;
- views from garfish hauling shareholders and the Garfish Share Linkage Working Group (GSLWG) put forward at several face-to-face meetings; and
- advice and recommendations of the Structural Adjustment Review Committee (SARC).

The outcomes of meetings of the garfish hauling shareholders and the SARC throughout 2013 and early 2014 provide insight into the many options and issues considered in the lead-up to developing the reform options in this paper and are available on the NSW DPI website at:


Reform options for the garfish netting component of the NSW Ocean Hauling Fishery

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## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPI</td>
<td>NSW Department of Primary Industries</td>
</tr>
<tr>
<td>EGF</td>
<td>Estuary General Fishery</td>
</tr>
<tr>
<td>FB</td>
<td>Fishing Business</td>
</tr>
<tr>
<td>ITCAL</td>
<td>Interim Total Commercial Access Level</td>
</tr>
<tr>
<td>ITQ</td>
<td>Individually Transferable Quota</td>
</tr>
<tr>
<td>GVP</td>
<td>Gross Value of Production$^2$</td>
</tr>
<tr>
<td>OHF</td>
<td>Ocean Hauling Fishery</td>
</tr>
<tr>
<td>GFN</td>
<td>Ocean Hauling – Garfish Net (Hauling)</td>
</tr>
<tr>
<td>GPN</td>
<td>Ocean Hauling – Hauling Net (General Purpose)</td>
</tr>
<tr>
<td>SARC</td>
<td>Structural Adjustment Review Committee</td>
</tr>
<tr>
<td>GSLWG</td>
<td>Garfish Share Linkage Working Group</td>
</tr>
<tr>
<td>TACC</td>
<td>Total Allowable Commercial Catch</td>
</tr>
<tr>
<td>TACE</td>
<td>Total Allowable Commercial Effort</td>
</tr>
</tbody>
</table>

$^2$ Limited to first point of sale only and calculated using Sydney Fish Market Average Prices
Introduction

The garfish netting component of the OHF includes the GFN share classes for each of the seven regions within NSW, each with corresponding endorsements. This paper seeks feedback on three primary reform options for the GFN Fishery.

The three management options presented for feedback are:

- **Option 1:** Staged implementation of a catch quota regime.
- **Option 2:** Staged implementation of an effort quota (days) regime.
- **Option 3:** Managing endorsement numbers (minimum shareholdings) involving a two-stage minimum shareholding.

Changing existing management restrictions to improve business and operational efficiency is a key aspect of the broader reform program. In this document, the potential changes to current restrictions for each linkage option are also presented for consideration.

The ability to implement the potential changes to current restrictions generally increases with the strength of the linkage option, with minimum shareholdings being the weakest form of linkage and catch quota being the strongest (see the general information paper for further information).

To assist industry in considering the options and providing feedback, a number of advantages and disadvantages have been identified by DPI and the Share Linkage Working Groups (including the GSLWG) as being associated with the linkage options presented.

It is important that the reform options are considered within the overall structure of the fishery. Those unfamiliar with the OHF, including shareholders unfamiliar with current numbers of shareholders and endorsements and the distribution of shares in each share class, are encouraged to review Appendix 1 and read the document “Share & shareholdings – February 2014” located at www.dpi.nsw.gov.au/fisheries/commercial/reform/program

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3 Note there are no Ocean Hauling – Garfish Net (Hauling) shares for Region 2.
Option 1: Staged implementation of a catch quota regime

This option involves the staged implementation of a catch quota regime. The first stage involves applying a minimum shareholding requirement that must be satisfied if a shareholder is to remain eligible for a GFN endorsement. The first stage would be implemented on 1 July 2015.

The second stage involves the implementation of an Individually Transferable Quota (ITQ) of kilograms allocated to fishing businesses proportional to the number of shares held. It is proposed that the second stage would be implemented on 1 July 2016.

Minimum Shareholding requirements

Under a catch quota regime, it is proposed that the minimum shareholding requirements in Table 1 would have to be met by 1 July 2015.

Table 1. Proposed GFN minimum shareholdings to be satisfied by 1 July 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Shares</th>
<th>No. of FBs holding shares</th>
<th>Minimum shareholding 1 July 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>220</td>
<td>4</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>1,060</td>
<td>18</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>170</td>
<td>5</td>
<td>40</td>
</tr>
<tr>
<td>6</td>
<td>590</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td>7</td>
<td>750</td>
<td>11</td>
<td>40</td>
</tr>
</tbody>
</table>

ITCAL determination

An Interim Total Commercial Access Level (ITCAL) is the maximum amount of catch that may be taken over a fishing period – very much like a Total Allowable Commercial Catch (TACC) or the concept of Total Allowable Commercial Effort (TACE). For more information on ITCALs and future transitioning to TACCs refer to the general information paper and the technical paper "Setting the Interim Total Commercial Access Levels (ITCALs)" available on the DPI website.

An industry-wide ITCAL has been proposed for Eastern sea garfish. An industry-wide ITCAL has to be calculated because this species is reported as being taken across multiple commercial fisheries.

The industry-wide ITCAL for Eastern sea garfish has then been apportioned to each fishery. This means an OHF ITCAL (i.e. the total weight of eastern sea garfish available to the OHF) has been determined. The OHF ITCAL has been allocated among all OHF share classes with the vast majority of the ITCAL for Eastern sea garfish allocated to the GFN share classes of the OHF.

It is proposed that the industry-wide ITCAL be set at the average annual catch over the five year period 2007/08 to 2011/12 (excluding catch from the year 2009/10).

Table 2. Industry-wide ITCAL, percentage of industry-wide ITCAL allocated to the OHF and OHF ITCAL of Eastern sea garfish

<table>
<thead>
<tr>
<th>Species</th>
<th>Industry-wide ITCAL (kg)</th>
<th>OHF percentage of industry-wide ITCAL</th>
<th>GFN percentage of OHF ITCAL</th>
<th>OHF ITCAL (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern sea garfish</td>
<td>37,300</td>
<td>86</td>
<td>99</td>
<td>31,600</td>
</tr>
</tbody>
</table>
Eastern sea garfish catch quota allocation

It is proposed to allocate catch quota on a state-wide basis. All shareholders would receive an equal allocation of the ITCAL proportional to the number of shares held (i.e. the catch quota is allocated equally throughout all regions).

Table 3. State-wide allocation of Eastern sea garfish ITCAL to GFN shares

<table>
<thead>
<tr>
<th>Share classes</th>
<th>ITCAL (kg)</th>
<th>Total number of shares</th>
<th>Kg per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFN – regions 1, 3, 4, 5, 6 and 7</td>
<td>31,600</td>
<td>2,800</td>
<td>11.28</td>
</tr>
</tbody>
</table>

Fishing period

An allocation of catch quota (kg) is available to be fished during what is known as a fishing period. It is proposed that a 12 month fishing period commencing on 1 July each year would apply under a catch quota regime.

Transferability of catch quota

It is proposed that the catch quota allocated to the GFN share classes be able to be transferred throughout NSW between all GFN shareholders.

How shareholders could use their quota and acquire additional quota

Information on the use of quota and how to acquire additional quota, along with how quota use will be monitored is provided in the general information paper “General information relating to the reform program and reform options for the NSW commercial fisheries”.

Feedback requested (in addition to overall comments on options)

Under a catch quota regime there is potential to amalgamate the existing seven GFN share classes into a single state-wide share class. In considering this option, fishers are encouraged to think about the range of economic and social implications that might arise from removing the existing regional boundaries. Amalgamating the existing regions could reduce ongoing management and administration while providing additional opportunities for fishers to fish their quota allocations.
Option 2: Staged implementation of an effort quota (days) regime

This option involves the staged implementation of an effort quota (days) regime. The first stage involves applying a minimum shareholding requirement that must be satisfied if a shareholder is to remain eligible for a GFN endorsement. The first stage would be implemented on 1 July 2015.

The second stage involves an increase to the minimum shareholding requirement for most share classes and the implementation of an ITQ of days allocated to fishing businesses proportional to the number of shares held. It is proposed that the second stage would be implemented on 1 July 2016.

Minimum shareholding requirement

It is proposed that the minimum shareholding requirement to be met by 1 July 2015 for all regions would be the current minimum shareholding. The minimum shareholding requirement to be met by 1 July 2016 would be 10 shares for region 1 and 50 shares for regions 3, 4, 5, 6 and 7. It is not proposed to set the 1 July 2016 minimum shareholding requirement on a target or maximum number of endorsements, as the primary effort control under this option will be the effort quota (days).

Table 4 lists the total number of GFN shares for each region and the minimum shareholding requirements proposed to be met by 1 July 2015 and 1 July 2016.

Table 4. Proposed GFN minimum shareholdings to be satisfied by 1 July 2015 and 1 July 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Shares</th>
<th>Minimum shareholding 1 July 2015</th>
<th>Minimum shareholding 1 July 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>220</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>1,060</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>170</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>6</td>
<td>590</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>7</td>
<td>750</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>

The ITCAL and the quota of ‘days’ available to shareholders

An Interim Total Commercial Access Level (ITCAL) is the maximum amount of effort that may be used by fishers over a fishing period – very much like a Total Allowable Commercial Catch (TACC) or the concept of Total Allowable Commercial Effort (TACE). For more information on ITCOLs and future transitioning to TACCs and TACEs refer to the general information paper and the technical paper "Setting the Interim Total Commercial Access Levels (ITCALs)" available on the DPI website.

It is proposed that the days ITCAL (i.e. the total number of days available to the GFN share classes of the fishery) be taken from the year that had the maximum number of days reported being worked in the 10 year period 2002/03 to 2011/12. The allocation of effort quota (days) is proposed to be done on a state-wide basis. With the state-wide allocation, the days ITCAL is allocated to all GFN shareholders equally proportional to the number of shares held (i.e. GFN shareholders in regions 1, 3, 4, 5, 6 and 7 all get an equal allocation of days per share).

Table 5 lists the total number of GFN shares, the ITCAL of days for the fishery and days per share.
Table 5. Proposed GFN state-wide allocation of days

<table>
<thead>
<tr>
<th>Share classes</th>
<th>Shares</th>
<th>ITCAL (days)</th>
<th>Days per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFN - regions 1, 3, 4, 5, 6 and 7</td>
<td>2,800</td>
<td>472</td>
<td>0.17</td>
</tr>
</tbody>
</table>

**Defining a ‘day’**

It is proposed that a day be defined as a 24 hour period from the time the fisher makes a pre-fishing report. This aims to cater for the diverse fishing operations in the NSW commercial fishing industry.

**Fishing period**

It is proposed that a 12 month fishing period commencing on 1 July each year would apply under an effort quota (days) regime.

**Transferability of effort quota**

It is proposed that the effort quota (days) allocated to the GFN share classes be able to be transferred throughout NSW between all GFN shareholders. Note that such quota transfers would only apply to the fishing period within which the transfer was made. The quota allocated for future fishing periods would be based on the shares held by each shareholder.

**How shareholders could use their quota and acquire additional quota**

Information on the use of quota and how to acquire additional quota, along with how quota use will be monitored is provided in the general information paper “General information relating to the reform program and reform options for the NSW commercial fisheries”.
Option 3: Managing endorsement numbers (minimum shareholdings)

This option involves actively managing the number of endorsements in the GFN share classes of the fishery. The proposal to manage endorsement numbers involves:

1. identifying a **maximum number of endorsements** for each share class; and
2. **increasing the minimum shareholding** requirements in two-stages (60% of the proposed increase to be met by July 2015, and 100% by July 2016).

Managing endorsement numbers is achieved by applying minimum shareholding requirements that must be satisfied if a shareholder is to remain eligible for an endorsement to fish in the relevant share class. To streamline administration and minimise costs, DPI proposes a consistent approach to implementing this option across all fisheries where it is proposed (e.g. to align the timing).

**Maximum number of endorsements and minimum shareholding requirements**

The proposed maximum number of endorsements for the GFN share classes has been determined using the estimated Gross Value of Production (GVP) of each share class. Specifically, the proposed maximum numbers of endorsements are the numbers of endorsements that accounted for 99% of the estimated GVP of each share class over the three year period 2009/10 to 2011/12.

Table 6 lists the total number of GFN shares, numbers of fishing businesses holding shares as of February 2014, proposed maximum number of endorsements and corresponding minimum shareholding requirements to be met by 1 July 2015 and 1 July 2016.

**Table 6. Proposed GFN minimum shareholdings to be satisfied by 1 July 2015 and 1 July 2016**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total no. of shares</th>
<th>No. of FBs holding shares</th>
<th>Maximum number of endorsements</th>
<th>Minimum shareholding 1 July 2015</th>
<th>Minimum shareholding 1 July 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>220</td>
<td>4</td>
<td>3</td>
<td>49</td>
<td>56</td>
</tr>
<tr>
<td>4</td>
<td>1,060</td>
<td>18</td>
<td>11</td>
<td>69</td>
<td>89</td>
</tr>
<tr>
<td>5</td>
<td>170</td>
<td>5</td>
<td>2</td>
<td>50</td>
<td>57</td>
</tr>
<tr>
<td>6</td>
<td>590</td>
<td>13</td>
<td>5</td>
<td>75</td>
<td>99</td>
</tr>
<tr>
<td>7</td>
<td>750</td>
<td>11</td>
<td>4</td>
<td>106</td>
<td>151</td>
</tr>
</tbody>
</table>
Potential changes to current restrictions

Each of the reform options presented above is coupled with potential changes to current restrictions or controls, forming the overall reform package for consideration. Once linkages are in place, a number of controls could be modified or removed to improve operational efficiency and profitability, and to reduce red tape and associated costs. The potential changes to the current restrictions would only be implemented once the linkage to shares has been established.

Table 7 identifies the potential changes associated with each of the reform options (indicated by ticks). Stronger linkage options (catch quota) include more controls for removal than weaker options (minimum shareholdings). A tick associated with a proposal indicates a higher likelihood that the proposal could be implemented. Absence of a tick indicates a lower likelihood that the proposal could be implemented.

Table 7. Potential changes to current restrictions

<table>
<thead>
<tr>
<th>Potential changes to current restrictions with relevant Reform Options</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum shareholdings:</strong> The current default maximum shareholding of 40% of the shares in the fishery is ineffective and proposed to be removed on the basis that there is negligible risk of a monopoly in the relatively small scale fisheries in NSW.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Net registrations:</strong> Remove the requirement to register nets in the OHF.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Foreign ownership restrictions:</strong> Remove the restrictions on foreign ownership of shares on the basis that there is negligible risk of a significant foreign ownership of the relatively small scale fisheries in NSW.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Registering ‘eligible fishers’:</strong> The requirement to register ‘eligible fishers’ against fishing businesses is being removed as part of the development of FishOnline, which will automatically check that nominated fishers are already licensed.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Boat licences:</strong> Remove the requirement to licence boats in the OHF, thereby saving on having to pay licence fees.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>48 Hour nomination restriction:</strong> Remove the restriction.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Crew requirements:</strong> Remove the requirement that a net must be operated with the assistance on at least one other GFN or OHG endorsement holder.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Weekend and public holiday closures:</strong> Remove the weekend and public holiday closures applying to the use of a garfish net (hauling).</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Beaches closed on a seasonal basis:</strong> Change seasonal beach closures that currently extend from 1 October or 1 November to the last day in February the next year, to 1 December to 31 January the next year.</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Comparison of reform options presented

To assist in considering the options and providing feedback, a number of advantages and disadvantages have been identified by DPI and the SLWGs as being associated with the linkage options presented, these are outlined in the tables below (Tables 8, 9 and 10).

Catch quota regime

Table 8. Advantages and disadvantages associated with a catch quota regime

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders invest autonomously (as they like) rather than being forced.</td>
<td>Costs more to implement than a minimum shareholding scheme.</td>
</tr>
<tr>
<td>Shareholders can customise their shareholdings to suit their preferred access levels.</td>
<td>As the fishery transitions to the new arrangements high catch operators will likely need to invest in shares – more than low catch operators – if they are to continue to catch at current levels.</td>
</tr>
<tr>
<td>Enhanced opportunity to remove or relax input controls that inhibit fishers' profitability and government efficiency.</td>
<td>Possible higher ongoing management, administration and compliance costs will be incurred.</td>
</tr>
<tr>
<td>Stronger security of investment in a fishers' share within the fishery relative to effort quota and minimum shareholding regimes.</td>
<td>Could result in some level of high-grading or discarding.</td>
</tr>
<tr>
<td>Improved control over total catch from the fishery, which can be beneficial from a range of perspectives including capacity to deliver sustainability and resource sharing objectives within, and between, the fishery and other sectors.</td>
<td></td>
</tr>
</tbody>
</table>

If an ITCAL (or in the future a TACC) is reduced for viability, sustainability or resource sharing reasons, it would:
- Have a more direct and immediate effect on effort levels – compared to increasing minimum shareholdings.
- Affect all shareholders proportionally, not just those at or near the minimum shareholdings.

Contributes towards higher (potentially optimum) asset (i.e. share) values – because of the above.

With optional extra of removal of regional boundaries:
Simplified management regime where there is only one Eastern Sea Garfish Ocean share class managed along the extent of the NSW coastline - removes ‘lines on the water’.

Effort quota (days) regime

Table 9. Advantages and disadvantages associated with an effort quota (days) regime

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders invest autonomously to adjust their shareholding to meet their needs – if they want more effort quota then they need to invest in more shares.</td>
<td>Expected to cost more to implement than a minimum shareholding scheme – because of the need to allocate quota each fishing period and monitor/enforce quota usage throughout the period.</td>
</tr>
<tr>
<td>Shareholders can customise their shareholdings to suit their preferred access levels.</td>
<td>Stronger catch controls may need to be pursued in the longer-term dependent upon viability, sustainability and resource sharing issues.</td>
</tr>
<tr>
<td>Enhanced opportunity to remove or relax input controls.</td>
<td></td>
</tr>
<tr>
<td>Improved control over total effort from the fishery.</td>
<td></td>
</tr>
</tbody>
</table>
Enhanced security of access within the fishery. The market-based system proposed means:

- Competing shareholders cannot simply increase effort by working more days - they must invest in shares.

If an ITCAL (or in the future a TACE) is reduced for viability, sustainability or resource sharing reasons, it would:

- Have a more direct and immediate effect on effort levels – compared to increasing minimum shareholdings under Option 3.
- Affect all shareholders proportionally, not just those at or near the minimum shareholdings.

Provides a management regime where shareholders directly and proportionally benefit from increases to TACE.

Improved community confidence that total effort cannot increase and can be managed.

Contributes towards higher asset (i.e. share) values – because of the above.

### Managing endorsement numbers (minimum shareholding regime)

Table 10. Advantages and disadvantages associated with a minimum shareholding regime

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>The simplest administratively and therefore cheapest way to link shares to resource access.</td>
<td>The primary control is the maximum number of endorsements (crude management tool) as opposed to a maximum catch or effort control.</td>
</tr>
<tr>
<td>A very direct and effective tool for delivering market-based adjustment to an agreed level.</td>
<td>Shareholders may be forced to invest from time to time, rather than autonomously.</td>
</tr>
<tr>
<td>Reduces (but does not eliminate) the risk of inactive endorsements re-entering the fishery.</td>
<td>Cost of having to meet minimum shareholding requirement in some share classes may outweigh the benefit.</td>
</tr>
<tr>
<td>Limited opportunity to customise shareholdings to suit preferred access levels and fee liability.</td>
<td>Security of access within the fishery is not as strong as an effort quota regime.</td>
</tr>
<tr>
<td>Opportunity to remove or relax input controls is limited.</td>
<td>Competition for access to species or race-to-fish incentive in the fishery is high.</td>
</tr>
<tr>
<td>Ability to maximise value of catch is not as strong as an effort quota regime due to race-to-fish incentive.</td>
<td>Additional restrictions may need to be implemented as needed to manage catch or effort.</td>
</tr>
<tr>
<td>Stronger catch or effort controls may need to be pursued in the longer-term dependent upon viability, sustainability and resource sharing issues.</td>
<td></td>
</tr>
</tbody>
</table>

### Management costs

The costs associated with each of the options are difficult to determine given that a large number of factors will influence them. However, an indication has been provided of the relative costs of the options in the advantages and disadvantages tables above. Please refer to the general information paper for further detail about management costs.
## Appendix 1: Current structure of the garfish netting component of the OHF

Table 11. Number of Fishing Businesses holding various EGF prawning – regions 1, 2, 3, 4, 5, 6 and 7 shareholdings.

<table>
<thead>
<tr>
<th>Region</th>
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<th>40</th>
<th>50</th>
<th>60</th>
<th>70</th>
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<th>120</th>
<th>130</th>
<th>160</th>
<th>350</th>
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