

INDEPENDENT STRUCTURAL ADJUSTMENT REVIEW COMMITTEE MEETING #8**19th FEBRUARY 2014 commencing at 10 am****Teleconference****FINAL RECORD OF MEETING****Members:**

- ◆ Ian Cartwright (Independent Chair)
- ◆ Sevaly Sen (Independent economist)
- ◆ Mary Lack (Independent fishery manager)

Permanent observers:

- ◆ Andrew Goulstone (Director Commercial Fisheries, NSW DPI)
- ◆ Tricia Beatty (Executive Officer, Professional Fishermans Association)

Executive support:

- ◆ Annette Harrison (Senior Manager, Commercial Fisheries Reform)

Invited guests:

- ◆ Doug Ferrell (Manager, Resource Planning, NSW DPI)

Apologies:

NIL

1. Welcome, apologies and confirmation of agenda

The Chair opened the teleconference meeting at 10am and welcomed all. The purpose of this teleconference was for the Department to provide the SARC with an update on progress; hence, the SARC noted that no agenda was prepared for this meeting.

2. Review of draft meeting record from SARC Meeting #7 and review of action list

The SARC noted that the draft record of meeting #7 was yet to be finalised, and an update on actions provided.

Action 1 – The SARC Chair, Ian, to send comments on draft minutes to DPI (Annette)

- Streamlining options will be included in options papers as suggested at meeting #7, emails have been sent by PFA and DPI requesting additional ideas (Action 1, Meeting 7).
- Final comments have been sought from the Cooperatives Association, before finalisation of the Fisheries Cooperative report, the SARC have also finalised comments, which have been passed along to GHD (Action 2 and 6, Meeting 7).
- An information flyer about the exit grant was mailed to all shareholders explaining the purpose of the grant, how it will work (in broad terms), who is eligible, how long it will take etc. (Action 3, Meeting 7).
- The principles for setting ITCALs were finalised (Action 4, Meeting 7).
- The proposal put forward by Region 2 (Clarence – Estuary General) fishers was taken back to the Working Group, and will be included in the relevant options paper (Action 5, Meeting 7).

3. Updates from the permanent observersUpdate from DPI

- The Minister has approved an extended timeline. Public consultation is to occur March – April 2014, DPI is to review of comments in May 2014, SARC is to review and make recommendations Jun-July 2014, with the Ministerial decision to be made on linkage options in August 2014. The exit grant tender process is to commence in September – November, assessment of offers will occur in December, and shares are to be transferred and payment

made commencing January 2015. The Minister's Office has requested that this change not be announced until after coastal MPs are briefed.

Action 2: Ian to brief coastal MPs on the revised timeline, on the process and what is being done to alleviate the financial burden on fishers. This has been scheduled for 27th February, 2014.

- As a result of changes to the timeline, SARC decided that final options papers will not be provided to working groups again before being made available publicly. However, the Summary of Submissions will be made available to them prior to public release, and options papers should be reviewed by Working Group Chairs prior to public release.

Action 3: DPI advise Working Groups that they will receive the Summary of Submissions prior to it being made publically available, for any final comment.

Action 4: DPI to provide all fisheries specific options papers to Working Group Chairs prior to the SARC, to ensure that the papers are reflective of WG discussions.

- Fisheries Managers are in the process of writing up the final options papers following the feedback received through working groups at the last round of meetings, and with additional information received regarding ideas on potential changes to current gear restrictions and management controls.
- In total 11 final options papers are to be completed. One complete paper has been provided to the SARC to date for initial feedback. The Department recommends separating out the general information that applies to all fisheries into a separate information paper that should be read in conjunction with the fisheries specific options papers. In doing so, each of the fisheries specific papers may be reduced in size. The SARC recommended the production of short summaries of each of the fisheries specific options papers.

Action 5: DPI to provide the SARC with a summary of at least one fisheries specific paper for comment asap. The SARC to provide comment on the level of detail, ease of interpretation, etc.

Action 6: DPI to provide the general information paper to SARC by 7th March, prior to the next update meeting.

Action 7: SARC to provide comments back to DPI on the first fisheries specific options paper as soon as possible.

- Completing final options papers will take several weeks. In particular, the ITCALs paper is quite complex and preparation and checking data is very time consuming.
- The setting of ITCALs using the principle of using the maximum 10-15 year datasets has proven inappropriate for a number of fisheries/ share classes and, as a result, variations have been applied where justification was evident.
- In response to additional options raised by the Purse Seine shareholders, it is recommended that the final options paper for this share class be finalised following the other papers.
- The difficulties associated with providing the cost of management of various options (even relative costs) remains a concern and a source of uncertainty for fishers in deciding to sell or purchase shares.
- The ranking system to be used in the exit grant process is currently being finalised. As part of this, consideration has been given to allocating value to crew shares, and to fishing businesses, so that a whole fishing business being retired would rank higher than just retiring from a particular share class.
- Exemption from stamp duty on shares traded during the exit grant process is still being pursued through the Office of State Revenue.
- Setting up the share trading system is anticipated to take approximately 8 weeks from the appointment of a tenderer. The tendering process is also anticipated to take approximately 8 weeks. Under this timeline it is believed that the system will be established prior to the planned exit grant phase.
- Consultation services contract: assessment of tenders is still in progress.
- Reform staff update: Industry Liaison Manager, Chad Lunow is due to commence first week of March 2014.

Update from PFA

- The PFA has been visiting ports and many concerns are being voiced by members, including uncertainty over:
 - the principles of the reform,
 - the overall reform timeline, in particular the exit grants and commencement of linkages
 - management costs, and costs of TAEs and TACs
 - potential impacts of resource sharing on options, i.e. concern over other sectors
- Rumours are circulating that delays will mean that funds are no longer available and the reform will not go ahead, i.e. owing to financial year expenditure. In response to this Andrew indicated that the funding that is available is not bound to a financial year.
- Concern has been raised regarding the calculation of ITCALs for hand gathering (pipis), fishers feel that a long dataset should be used given the recent catch limit and closures. Fishers are frustrated that they feel they have not been heard.
- Concern has also been raised by Estuary General fishers regarding leasing (the suggestion of no leasing in first two years), some fishers had intended to lease and use the funds generated to purchase shares. Andrew clarified that leasing would be allowed under an increased minimum shareholding arrangement with delayed linkage. The SARC also indicated that decisions to restrict leasing during the adjustment period may need to be made on a fishery by fishery basis considering, amongst other things, minimum shares and the form of linkage arrangement..

4. Discussion of other issues arising:

4.1 Personal hardship

The PFA indicated that during port visits and through phone discussions it is quite clear that personal hardship is a critical issue which has become more confronting in recent months. The PFA have found it difficult to explain the benefits of the reform relative to the costs of purchasing shares and provide answers to very distressed fishers and their families. The SARC acknowledge this, also that any proposed change may be more difficult for some to deal with and less difficult for others. The SARC reiterated that options that minimise financial impact, particularly on active fishers should be considered.

Action 8: DPI produce a one page information sheet acknowledging hardship, the range of consideration being given to minimising financial burden, and recognising the future benefits of the reform to the industry as a whole, including secured rights (the commercial share) to a portion of resources.

Action 9: DPI to include support services flyer with the next edition of the Commercial Fisheries Newsletter that is to be mailed to all shareholders.

5. Next meeting date

The next SARC meetings will be held on 26th and 27th June 2014, and 24th and 25th July 2014.

END.

On-going action list carried forward from previous meetings

Meetings # 5 and 6 [September and November 2013], 7 and 8 [January and February 2014].

Meeting number:	Action:	Responsible officer/ organisation:	Status (Feb 2014):
1	The working group is to oversee a short information and issues paper on cooperatives for consideration by SARC, DPI and the cooperatives association.	DPI	To be completed subject to finalisation of the study.
3	DPI to develop decision rules for setting interim total catch and effort levels in consultation with the SARC and industry.	DPI	Complete.
	Share linkage working groups to provide advice to SARC on the possible advantages and disadvantages of leasing/nominations and the potential implications for the rate of autonomous adjustment.	Share linkage working groups	Complete.
	DPI to contact the consultant [with expertise in assisting fishers adjust to changes] and facilitate a series of support meetings at select locations and periods during the reform program.	DPI	Complete.
5	DPI to provide SARC with a report on the form and number of share trades over the last 12 months.	DPI	Complete.
	DPI to undertake the review of concessional zoning permits as indicated to permit holders in the covering letters sent with previous permits.	DPI	Complete.
	DPI to consider whether additional price data from other sources, if reliable would significantly change GVP for some fisheries and examine the effects on the algorithm.	DPI	Complete.
	DPI to contact Commonwealth experts involved in the GBR adjustment program to seek their advice on the concepts and principles that underpin the algorithm.	DPI	Report received, but discussions pending.
	SARC Chair to write to Commonwealth officials that have reviewed the work done to date and thank them for their valuable advice.	SARC Chair	Complete.
	DPI to draft a short reform program update for circulation to fishers by email.	DPI	Complete.
	DPI to continue to investigate the costs and benefits of setting up a share trading 'stock exchange' system and consult the SARC once further information is available.	DPI	Complete.

6	Item # 3a	DPI to distribute a modified template to SARC and the table to be populated ASAP thereafter – matrix of distortion, compounding issues or risks across each of the share classes and overall traffic light assessment	DPI	Complete. Ongoing.
	3c	Provide industry with information, perhaps through the next reform newsletter and/or the reform website, outlining the situation surrounding the future of Fishing Businesses.	DPI	Pending. Will be included in the next newsletter.
	3f	Cost recovery policy - SARC to consider the legal advice when available.	SARC	Complete.
	3g	Marine Parks - Provide industry with this information, perhaps through the next reform newsletter and/or the reform website.	MPA	Complete.
	3h	DPI to provide revised timeline to SARC and industry as soon as possible.	DPI	Complete. Revised timeline to be sent to Minister for approval, incl. additional month.
	3i	Next SARC meeting - Wed 8 & Thu 9 January – Sydney.	DPI	Complete.
	4	Add to next reform newsletter the process for reviewing new linkage proposals.	DPI	In progress.
	6	Co-op study: - SARC to be provided with details of the level of financial information that co-ops provided to the consultant. - SARC to provide DPI with comments on draft study which should be kept in draft form until next SARC meeting. - DPI to arrange a teleconference with the consultant, Sevaly, Mary and Andy to discuss the comments and questions directly.	DPI & SARC	Complete.
	8	The option of using recent participation to remain as an option for discussion by the WGs during the second round of meetings, noting that it should only be considered as an option in well justified cases and noting that a full consideration of the pros/cons would be needed before considering the proposal further.	DPI	Complete.
7	Action # 1	Include examples of potential streamlining options in the options papers along with <i>principles</i> for streamlining, so that consultation can be done on the basis of the principles that should apply.	DPI	In progress
	2	SARC to compile and send any further feedback on the draft co-op report to DPI.	SARC	Complete
	3	Information about the exit grant process and how this will work, timelines etc. is needed to improve fishers understanding of the process. This should be a priority for inclusion in newsletters, PFA newsletters, DPI website etc. or could go out ahead of the newsletter. A plain English flyer on the process should be mailed to all fishers.	DPI	Complete
	4	SARC to consider the new draft principles prepared by DPI for setting ITCALs, and make necessary adjustments to form recommended principles.	SARC	Complete
	5	Proposal from the Region 2 group be discussed with the relevant Share Linkage Working Group.	DPI & EG Working Group	Complete
	6	SARC members to review revised draft and provide final detailed comments to DPI to pass on to the GHD consultant.	SARC	Complete
8	1	The SARC Chair, Ian, to send comments on draft minutes to DPI (Annette)		
	2	Ian to brief coastal MPs on the revised timeline, on the process and what is being done		

		to alleviate the financial burden on fishers. This has been scheduled for 27 th February, 2014.		
	3	DPI advise Working Groups that they will receive the Summary of Submissions prior to it being made publically available, for any final comment.		
	4	DPI to provide all fisheries specific options papers to Working Group Chairs prior to the SARC, to ensure that the papers are reflective of WG discussions.		
	5	DPI to provide the SARC with a summary of at least one fisheries specific paper for comment asap. The SARC to provide comment on pitch, content etc.		
	6	DPI to provide the general information paper to SARC by 7 th March, prior to the next update meeting.		
	7	SARC to provide comments back to DPI on the first fisheries specific options paper as soon as possible.		
	8	DPI produce a one page information sheet acknowledging hardship, the range of consideration being given to minimising financial burden, and recognising the future benefits of the reform to the industry as a whole, including secured rights (the commercial share) to a portion of resources.		
	9	DPI to include support services flyer with the next edition of the Commercial Fisheries Newsletter that is to be mailed to all shareholders.		