

## ESTUARY GENERAL NETTING SHARE LINKAGE WORKING GROUP

# Final outcomes meeting 1, St George Rowing Club, Sydney

3 July 2013

### Attendees

Brigid Kerrigan (Chairperson), Mark Arblaster, Maria Bobledyk, Geoff Blackburn, Graeme Byrnes, Jim Drinkwater, Steve Everson, John Hine, Bruce Knevett, Scott Massey, Nathan Neilly, Brendan Schonkala, Paul Stanford, Claudio Zarrella, Darren Reynolds (DPI), Andrew Goulstone (DPI), Matthew Richardson (DPI), Josh Foster (DPI).

### Apologies

Nil.

### Purpose of meeting

Introduction to the 'share linkage' component of the industry reform program, including the identification of current controls for review and discussion on linkage options for further consideration by the working group and, ultimately, shareholders, the Structural Adjustment Review Committee (SARC) and the Government.

### General discussion

Throughout the introductory presentation there was discussion on a range of topical issues including taking care with the removal of controls including the removal of Fishing Businesses as a management control and relaxation of the share transfer rules, securing the industry a stronger 'social licence', the origin of the reform program, how the exit grant program might work, the role of the working group and it not being a decision making body, the SARC and its independence, the need for some fishers to invest (and \$15.5M adjustment fund contribution) to transition to the new arrangements, the potential cost of the various linkage options, issues with catch and effort reporting and future cost recovery policies.

### Input controls that affect viability

The working group identified a number of controls that they think should be reviewed as part of the reform program, acknowledging that opportunity to remove or rationalise these controls will in some cases be dependent on the form and strength of the linkage pursued. It was noted that any controls proposed to be removed/rationalised will be referred to shareholders for comment along with the short-listed linkage options, require Ministerial approval and implemented at the same time as the preferred linkage approach.

- Review restrictions on the species that may be retained in certain nets.
- Review specific closures (excluding RFHs and Marine Parks) that apply to the use of nets in estuaries.
- Review the need for net registrations.
- Investigate the opportunity for fishers to be able to use crew under different arrangements than those that apply currently.

## Linkage options for further investigation

The working group worked through the linkage hierarchy recommended in the Independent Review Report (i.e. catch quota followed by effort quota and endorsement numbers), identified various options to model for further investigation and identified some of issues that must be considered with each.

**NOTE:** The proposed modelling of the various approaches below is a ‘work-in-progress’ and the list of pros, cons and issues will grow as a result of further consideration by the working group, fishers and DPI etc.

The following table lists the linkage options to model for further investigation.

Model	Pros, cons and issues to consider
Catch quota scenario for mullet, tailor, salmon, jewfish and garfish.	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>Shareholder can choose to upscale/downscale.</li> <li>Quota can be traded or leased.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>High catch operators will probably need to acquire shares.</li> <li>May be discarding/high grading issues.</li> <li>Species are caught by a range of gears within and across fisheries.</li> </ul> <p><b>Issues:</b></p> <ul style="list-style-type: none"> <li>How the total catch levels would be set and allocated initially and how responsive is it to fluctuations in abundance from year to year.</li> <li>What the information is needed to be able to set catch levels.</li> <li>Whether to allocate state-wide or region specific quotas.</li> <li>Availability of shares within a region to increase quota holding.</li> <li>Costs of implementation, enforcement &amp; monitoring.</li> </ul>
Days.	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>Shareholder can choose to upscale/downscale.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>High catch operators will probably need to acquire shares.</li> </ul> <p><b>Issues:</b></p> <ul style="list-style-type: none"> <li>How the total number of days will be set and be allocated.</li> <li>Costs of implementation, enforcement &amp; monitoring.</li> </ul>
Net length days (Fishers allocated disposable effort units).	<p><b>Pros:</b></p> <ul style="list-style-type: none"> <li>Fishers can choose how their effort units are used. As an example only: a 375m net used on one day could use 1 effort unit whereas a 725m net used on one day could use 2 effort units, etc.</li> <li>Shareholder can choose to upscale/downscale.</li> </ul> <p><b>Cons:</b></p> <ul style="list-style-type: none"> <li>Complexity of scheme relative to others.</li> </ul> <p><b>Issues:</b></p> <ul style="list-style-type: none"> <li>Consider maximum lengths of net.</li> <li>High effort operators will probably need to acquire shares.</li> <li>Different netting restrictions between regions that currently apply.</li> <li>Costs of implementation, enforcement &amp; monitoring.</li> </ul>

Model	Pros, cons and issues to consider
<p>Minimum share holding scheme (No. of endorsements) using a single (mandatory – at 95 and 80% of GVP as examples) or tiered structure.</p>	<p><b>Pros:</b></p> <p>Tiered structure allows fishers to gain additional advantage (e.g. crew, ballot nominations, gear, etc) for holding over a certain number of shares (As an example only: at 125 shares – fishers could have 1 ballot nomination, between 125 and 200 shares – fishers could have 2 ballot nominations, etc).</p> <p><b>Cons:</b></p> <p>High effort operators will probably need to acquire shares.</p> <p>Must reach minimum shareholding to have endorsement under mandatory structure.</p> <p>Minimum shareholding would apply to all operators – no scope to upscale/downscale.</p> <p><b>Issues:</b></p> <p>Cost relative to other models.</p> <p>Prawning specific scheme – fishers nominate the type of prawn net that will be used each month. More shares = more types of net that may be used each month.</p>

## Information/data requirements for next meeting

Need to work out some of the detail of how the options would be implemented and monitored (e.g. how would a 'day' be defined, any reporting requirements, minimum and maximum shareholdings etc). Also have to consider the implications of certain linkage schemes across fisheries and regions (i.e. any interactions that may exist between share classes within and between fisheries).

End.

## More information

[www.dpi.nsw.gov.au/fisheries](http://www.dpi.nsw.gov.au/fisheries)

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