

ESTUARY GENERAL HAND GATHERING SHARE LINKAGE WORKING GROUP

Draft outcomes meeting 2, Sydney Fish Market, Sydney

12 February 2014

Items of significance noted by the Chair

Faced with the reform process, working group participants strongly emphasised the importance of maintaining their fishing activities at current or very recent activity levels as much as possible. This would minimise impacts on current operators and the supply of hand collectable fisheries product, and minimise market disruption.

Participants strongly emphasised the need for as much information, as soon as possible, about future management costs for the preferred linkage options; and the future cost recovery framework for the fishery. Without this information it would be very difficult to consider future fishing business plans, or restructure options. Several participants noted that the type of share linkage chosen will determine their willingness to actively engage with the restructure process.

Similarly, participants sought as much insight as possible about the likely outcomes of the NSW fisheries resource sharing framework that will be developed along with the reform process. They recognised that the process was complex and would take some time to resolve. In the interim, members suggested that timely advice about key principles and objectives of the future resource sharing policy may help to alleviate concerns that commercial access rights and business certainty could be further destabilised by future resource sharing decisions.

In discussing future share linkage options participants emphasised the need for operational flexibility, including the importance of being able to adjust share holdings according to individual business circumstances. Participants considered tradability of shares to be important - whether under an effort or catch linkage regime.

Under the effort (days) linkage option, whether or not a complementary trigger or per day catch level was used, participants noted that the risk of a "race to fish" outcome was high and that such an outcome was inappropriate for price/market reasons, individual business planning and flexibility, and may lead to poor public perceptions about the fishery and its sustainability.

Participants discussed the pros and cons of a regional allocation approach for key species (pipis and beachworms) or an equal state-wide allocation approach. The regional approach had the potential to more accurately reflect existing and recent past activity levels by shareholders however could work against some operators that have not been recently active, or have not been able to take their usual catches due to environmental, market, or management limitations.

With assistance from the NSW DPI pipi researcher the group considered the management outlook for the pipi fishery. Information derived from the current and ongoing collaborative catch monitoring and research underway; and outputs likely over the next 1-2 years should enable an efficient transition (staged or direct) from the ITCAL to the longer term share linkage system for the fishery. High quality fishery dependant catch and effort information was recognised as an important part of this process.

Participants agreed that clear and detailed information about exactly how the exit grant process would work and the timeframes for each key step was critically important; this included the process to determine and implement an ITCAL for each key component of the fishery.

Attendees

Members: Andy Bodsworth (Chair), Darren Reynolds (DPI), Daniel Johnson (DPI), Mathew Richardson (DPI), John Hine, Tony Foster, David Mitchell, Mario Puglisi, Charles Hutchens and Younes Ali-melhem.

Observers: Damian Young (DPI) and Tricia Beatty (PFA).

Welcome and apologies

The chair confirmed that the Working Group (WG) had nothing additional to add to the agenda for the second meeting.

Apologies: Alex Bricevski and Peter Cameron.

Confirmation of previous meeting outcomes

The draft outcomes of the first WG meeting were confirmed as final.

Opportunity for members to raise issues/thoughts since first meeting

- The WG noted comments from some members that fishers are uncertain of the timeline for the reform program and specifics of the exit grant process. DPI advised that that information on the reform program timeline and exit grant process will be provided to all fishers shortly.
- Some members were concerned that they may lose the ability to take species they are currently permitted to take but choose not to for various reasons. The WG believed there should be provision in place under a catch quota regime for fishers to be able to acquire quota for any permitted species in the future should these factors change making it profitable to target these species.
- The lack of management cost estimates for each of the linkage options was a concern raised by some members. The WG noted that fishers need the opportunity to incorporate these costs into their business plans to be able to plan for the future. DPI advised that it could give an indication of the relative costs of each linkage option but was unable to provide exact costs per share at this stage.
- The WG noted concern regarding the uncertainty of the future resource sharing policy. Members believed that fishers need surety that any future TACs (Total Allowable Catch) or TAEs (Total Allowable Effort) allocated to the commercial sector will not be reallocated to other sectors. If the industry is to be restricted by a TAC or TAE, similar arrangements should apply to other sectors utilising the resource. If this assurance is not given it has the potential to reduce investor confidence in the commercial fishery.
- The WG noted that there are some regions that contain a very limited number of shares and shareholders in these regions will be unable to purchase extra shares should they need them to restructure their business to meet their current operational levels.
- Clarification was sought on the future use of Fishing Businesses (FBs). For example, under a catch quota regime, could shares be split from a FB to allow additional fishers to catch the quota? DPI informed the WG that the future use of FBs will only be known once the final form of share linkage is known for all share classes.
- The use of recent participation (i.e. catch history) was discussed. DPI advised that this had not been ruled out as option for any fishery; however any allocation using recent participation would likely be a long and costly process. The WG did not support the use of recent participation in any allocation of catch or effort quota for the following reasons:
 - I. Fishers are uncertain as to whether there is any 'catch history' attached to the shares they have purchased;
 - II. Fishers with fewer shares may get a greater allocation of catch or effort quota than fishers that own or have invested in more shares;
 - III. The pipi fishery has been restricted in recent times to 40/kg per day, a closed season and a size limit so the catch has been restricted in recent times.

Action 1:	DPI to provide fishers with information regarding the reform timeline and how the exit grant will work as soon as possible.
Action 2:	DPI to provide fishers with the relative costs associated with each linkage option in the final options paper.

SARC feedback

DPI advised the WG that the SARC had met twice since the last WG meeting and made some important recommendations that all fishers are encouraged to be aware of.

DPI informed the WG that the share linkage process has shifted (by around six months compared with the indicative timeline) and that a revised schedule is being developed. The WG noted consultation with shareholders regarding the final share linkage options will occur in the coming months. Industry feedback will then be reviewed by the SARC which will make recommendations to the Minister sometime mid this year. After this occurs the exit grant process will begin.

DPI discussed the SARC's advice recommending that unless there are sustainability concerns or concerning trends in the data, ITCALS should be set at maximum levels over longer time periods with a need for caution in the Estuary General fishery due to the implementation of Recreational Fishing Havens and Marine Parks.

The WG noted SARC's recommendation that staged implementation of share linkage, with reliance in the short-term on increasing minimum shareholdings, should continue to be investigated as an option in exceptional circumstances and where it can be clearly justified.

The WG raised concern about SARC's recommendation to prevent leasing of catch or effort quota for up to two years to facilitate adjustment. The WG believed that leasing should be an integral part of the hand gathering fishery under a catch quota regime as it would assist fishers to maintain their levels of production and financial position in the short term, allowing them time to acquire more shares over the longer term.

Review of the share linkage options paper

The WG worked through the share linkage options paper. The major points discussed included:

(a) Major issues facing the EG hand gathering fishery

- The WG noted that NSW Food Authority requirements for the hand gathering fishery are inefficient as they often result in multiple food safety plans (and as a consequence increased cost) being required for a single location.
- The WG believe there needs to be a mechanism in place that allows the addition of new species to the list of permitted species that may be taken under the authority of a hand gathering endorsement should markets open up for these species into the future.
- The WG noted that there is considerable competition in the pipi market from interstate, especially from the South Australian quota managed fishery that is developing value adding technology.

(b) Option 1: Limiting endorsement numbers (minimum shareholding regime)

- The WG noted that the minimum shareholding can be set at a level to achieve a specific adjustment target.
- The WG noted that the level of latency in the hand gathering fishery is not as high as in other components of the Estuary General fishery.
- Some members believed a reduction in the number of fishers may increase the financial burden on the remaining fishers when opening beaches in compliance with NSW Food Authority requirements.
- There was a suggestion that minimum shareholdings could be used in conjunction with a competitive TAC. Opinion on this suggestion varied, with some members suggesting the TAC would manage the fishery and any changes to minimum shareholdings would not be required. DPI suggested that this approach would provide the race to fish incentive and fishers would not have the security that comes with a catch quota regime. Some WG members suggested market price would be the factor to limit catches but noted that the incentive to race to fish would exist irrespective.

- The WG couldn't identify any existing restrictions (other than the addition of extra species) that could be relaxed under a minimum shareholding regime and noted that additional controls may be required in some circumstances.
- The WG agreed should this option be implemented an appropriate timeframe would need to be determined to allow fishers to satisfy minimum shareholding requirements.
- The WG don't believe a minimum shareholding is the preferred option, however they believe it should be included as an option in the final share linkage options paper.

Action 4:	DPI to include a minimum shareholding regime as an option in the final share linkage options paper.
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(c) Option 2: Catch quota regime

(i) Pipis

- The WG discussed some of the preliminary research results from the pipi research program.
- The WG agreed that those fishers that are restricted to beachworm only should not be eligible for an allocation of any other permitted species.
- Some WG members suggested the graph showing commercial pipi landings through time reflects the natural 'boom and bust' cycle of the pipi population and the current level of commercial fishing effort is not significantly impacting the pipi stock.
- The WG noted that role that the environment has in the fluctuations of pipi stocks through time.
- The WG noted the difficulty of using recent catch and catch rates to assess the status of the pipi population due to the recent implementation of 6 month closures, size limit, NSW Food Authority closures and the daily limit, that in combination had restricted commercial catches.
- The WG suggested that the proposed ITCAL of 73,138 kg was too low and it was noted that it may be possible to increase the ITCAL however caution needs to be exercised as the stock is likely in a state of recovery.
- The WG acknowledged that there have been sustainability concerns with the pipi stock, however given there are positive signs with stock recovery the ITCAL should be able to be set high enough to maintain fisher's viability while achieving sustainability objectives.
- The WG noted that if the ITCAL is set too high it would impact the level of possible adjustment.
- Some members suggested that the ITCAL should be set at historically high levels. DPI advised that this was not realistic given recent trends in catch and effort information.
- There was a suggestion that the ITCAL be set very high and a trigger limit be set below the ITCAL to review the management arrangements should there be sustainability concerns.

Action 3:	DPI to investigate a revised pipi ITCAL and the incorporation of trigger points to assist in responding to trends in catch and effort information.
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(ii) Beachworms

- The WG noted that the average weight of a beachworm may be around 7 - 8g rather than the 15g suggested in the draft options paper based on sampling done by some fishers. DPI advised that if this is the case the numbers would have to be adjusted in the final options paper.
- The WG noted that catch rates may not be great indicators of beachworm abundance as the fishery is market driven.
- The WG supported the beachworm ITCAL of 21,583kg.

(iii) Cockles

- The WG supported the cockle ITCAL of 28,739kg.

(iv) Nippers

- The WG noted that the average weight of a nipper is more likely to be around 4 - 5g rather than the 2.5g suggested in the draft options paper based sampling done by some fishers. DPI advised that if this is the case the numbers would have to be adjusted in the final options paper.
- The WG supported the nipper ITCAL of 8,718kg.

(v) Cuttlefish and Mussels

- The WG noted that reported catches of mussels and cuttlefish had been very low to non-existent in recent years.
- The WG supported not setting any catch restrictions on these species.

(vi) Allocation of catch quota

- The WG noted that under a catch quota regime the current shares would authorise access to a region (with a minimum shareholding applying) and the catch quota of each species may be able to be transferred to other shareholders.
- The WG noted that a state-wide allocation of some species (i.e. nippers and cockles) did not reflect where these species have been caught historically and that it would severely impact some fishers by spreading catch quota throughout the state.
- The WG noted that the proposed regional pipi allocations unfairly impact fishers that have not recently been targeting pipis due low abundances and market prices and that a state-wide allocation attempts to overcome the issue of variations in species abundance in space and time. The WG also noted that the allocation model using eligibility criteria attempts to allocate catch quota to share classes that have historically caught significant quantities of the various species.
- Some members of the WG were concerned that shareholders who are currently permitted to take certain species would not be eligible for an allocation using the proposed eligibility criteria. Some members believed that fishers should not lose the right to catch any permitted species.
- The WG discussed transferability of catch quota between regions. It was noted that allowing quota to transfer between regions provided a means for fishers to acquire quota in areas where there are only a limited number of shares. It was also noted that quota could come into a region from elsewhere potentially impacting on the security of investment in the region.
- The WG supported that the question on whether to permit quota to transfer between the regions had to go to shareholders for comment.
- The WG noted that when the ITCALs are allocated to all shareholders equally, the high catch operators are impacted.
- DPI advised that it could take at least 2 years to transform an ITCAL into a TAC and that the most cost effective source of information to assist manage fisheries comes from logbooks. Further, fishers and DPI should work together to ensure accurate fishery-dependant data is collected.
- The WG were concerned about the impact of the reform program on the 1 share worm only fishers and acknowledged that many of these fishers are high catch operators.
- DPI advised that 1 hand gathering share was allocated due to there being no validated catch history associated with the fishing business at the time and since share management was implemented some endorsements attached to 1 hand gathering share businesses had gone due to transfers.
- The WG suggested that it may be appropriate to lessen the impact on the 1 share wormers by setting a minimum shareholding level much lower than the current 125 minimum shareholding.
- The WG asked if nippers could be put under the same arrangement as cuttlefish and mussels with a trigger limit on total catch. DPI advised that different allocation methods could be used for the different hand gathering species.
- The WG suggested that pipi and beachworm catch quota should be allocated on a state-wide basis.
- It was suggested that a tender system to allocate catch quota would be highly speculative. Specifically, the WG noted that using a tender to allocate catch quota would create uncertainty as there would be a guarantee you would receive catch quota of the species you tendered for but would not know how much of that catch quota you would receive.
- The WG did not support using the tender system to allocate a catch quota.

(d) Option 3: Effort quota (days regime)

- The WG noted that a days regime with a limit on total catch would create a 'race to fish' incentive and there would be no guarantee that a fisher would be able to fish their effort quota of days prior to the total catch limit being reached. As a consequence, the WG did not believe that a days regime was appropriate for the hand gathering component of the EG fishery.

Action 4: DPI not to include a days regime as an option in the final share linkage options paper.

(e) Option 4: Effort quota (Daily limit with a trigger on total catch regime)

- The WG noted that under this model a fisher that held more shares would be able to catch more on each day.
- DPI suggested that having daily limits in place restricts fisher efficiency however linking shares to daily limits in the short-term may be a way to stage in a catch quota regime in the longer-term. The WG noted that a staged approach may enable fishers to earn income in the short-term and assist them to purchase additional shares should they need them.
- The WG noted that daily limits restrict a fishers ability to travel to take their catch as the costs outweigh the benefits.
- The WG discussed appropriate limits for each species under this regime. Some members suggested that the daily limits for pipis and beachworms could be 40kg and 500 – 600 individuals, respectively.
- DPI advised that under a daily limit regime, current restrictions such as 6 month closure to pipi harvesting may have to remain in place depending upon the circumstances.
- The WG agreed that having a race to fish incentive in place is not beneficial to the fishery and would likely impact their social licence, price and sustainability.
- The WG had concerns for fishers in regions 2 and 5 under this regime as there are no additional shares available to them in the short-term to restructure their FBs.
- The WG supported that an interim daily limit regime with a trigger limit on total catch should be included in the final options paper as the first step in the staged implementation of a catch quota regime.

Action 5: DPI to include an interim daily limit regime as the first step in the staged implementation of a catch quota regime in the final share linkage options paper.

(f) Refining the current management arrangements

- The WG agreed that there are not many closures that apply to hand gathering.
- The WG asked DPI to investigate allowing fishers to use 'crew' under a catch quota regime.
- The WG requested that octopus be included on the permitted species list for hand gathering as there are currently no sustainability concerns with octopus and they are permitted to be taken in all other estuarine fishing methods subject to no quota restrictions.
- The WG requested that whelks be added to the permitted species list to be taken under a hand gathering endorsement as they are a species permitted to be taken in the EG fishery. DPI advised that very little is known about the species and prior to authorising its harvest by hand gatherers more may need to be known so that appropriate arrangements could be put in place (e.g. size limit).

Action 6: DPI to investigate including octopus and whelks on the permitted species to take under a hand gathering endorsement.

Action 7: DPI to investigate the use of 'crew' under a catch quota regime.

More information

Darren Reynolds, Senior Fisheries Manager (02) 6691 9682 or go to <http://www.dpi.nsw.gov.au/fisheries/commercial/consultation/commercial-fisheries-working-groups/estuary-general-netting-share-linkage-working-group>

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