



Ocean Haul Netting

Share Linkage Working Group

Meeting 1 – Final Outcomes

4 July 2013

St George Rowing Club

Attendees

Andrew Bosworth (Chairperson), Edward Allan, Barry Aish, David Mitchell, David Pye, Geoff Blackburn, James Drinkwater, John Breirley, Marissa Everson, Phil Zaccagnini, Ross Fidden, Andrew Nye, Doug Ferrell (DPI), Mathew Richardson (DPI), Joshua Foster (DPI), Dallas D'Silva (DPI observer), Darren Reynolds (DPI).

Apologies

Phillip Byrnes, Tony Bobeldyk

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. This group will consider linkage options for ocean haul general purpose hauling net, Pilchard Anchovy and Baitnet and Ocean Haul General (crewing).

General discussion

The introductory presentation resulted in a number of discussions including the exit grant program, the importance of diversity in fishing business operations, the role of the working group and clarification that it is not a decision making body, the need for fishers to invest, the \$15.5 million dollars in adjustment contribution from the government, problems with past and present fisheries management generally, the impact of closures, the importance of maintaining and strengthening social licence, availability of shares, the increasing importance of succession planning, discussion about industry viability and the importance of strengthening the existing property rights in the fishery, increasing cost recovery of management costs, and the possible impacts of reform on commercial fishing infrastructure such as co-ops, local markets and transport infrastructure.

The working group noted that each region has significant structural differences in the distribution of shares and the manner in which fishing is undertaken generally in each region. The proposed management frameworks need to be able to accommodate for these regional differences.

Aboriginal participation in this fishery is significant and the importance of this fishery to aboriginal culture must be recognised.

Diversity in available fishing activities in a fishing business is important to spread risk in a fishing environment that is highly variable and opportunistic.

Changes to crewing management arrangements should be considered to provide greater flexibility for all shareholders while maintaining existing property rights of crew shareholders.

It was noted during the introduction that the reference to quota in these discussions does not solely refer to catch kilograms. Quota can also refer to other disposable units such as days, gear and other effort units. The group noted it was important to ensure this was understood during these discussions.

It was also noted that the structural adjustment review committee (SARC) is independent of DPI and will be making final recommendations based on the merit of the proposed options and with regard to the objectives of the reform program.

Action 1: For the linkage options to be investigated (see below) DPI to provide the working group any information that may be available on costs.

Input controls that affect viability

The working group identified a number of controls that it thought 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.

- Closures
- Permitted species list
- Crewing restrictions

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 followed by endorsement numbers) and identified various options to model for further consideration along with a range of pros and cons likely to be associated with each.

NOTE: Please note that the proposed modelling of the various approaches below is ‘work-in-progress’ and that the list of advantages and disadvantages will grow as a result of further consideration by the working group, fishers and DPI etc.

| Model | Pros | Cons |
|---|--|--|
| Model a catch quota scenario using tailor and Sea Mullet. | <p>Increased scope to remove input controls that may be inhibiting efficiency or resulting in lost fishing opportunities.</p> <p>Shareholder can choose to upscale/downscale.</p> <p>Resulting security of access.</p> | <p>High catch operators will probably need to acquire shares.</p> <p>Highly responsive TACCs that closely follow stock abundance can be expensive.</p> <p>If leasing of quota is permitted, there may be risk of “quota barons”.</p> <p>Potentially high implementation & ongoing costs – including IVR cost for enhanced compliance etc.</p> <p>Risk of increased discarding (including as a result of high-grading).</p> |
| Model the following effort quota scenarios: Days. | <p>Increased scope to remove input controls that may be inhibiting efficiency.</p> <p>Shareholder can choose to upscale/downscale.</p> <p>Resulting security of access.</p> <p>Less discarding than catch quota.</p> | <p>High effort operators will probably need to acquire shares.</p> <p>Some fishers will be forced to change the way they work – so they don’t waste their days – or to maximise their fishing time from their allocated days.</p> <p>Potentially higher implementation & ongoing costs – including IVR cost for enhanced compliance etc.</p> |

| Model | Pros | Cons |
|--|---|--|
| Model a minimum share holding scheme (No. of endorsements) for each share class. | <p>Less discarding than catch quota.</p> <p>Less scope to remove other input controls such as closures.</p> | <p>Shareholders forced to invest from time to time.</p> <p>Minimum shareholding apply to all operators – no scope to upscale/downscale.</p> <p>Minimum shareholding could be different in each region to accommodate regional variation.</p> |
| Model the linking crew shares to block entitlements. | <p>Increase flexibility for net shareholders to obtain crew.</p> <p>Provide improve efficiencies and reduce management and administration costs for fishing businesses.</p> | <p>Cross fishery considerations ie: crewing interactions between ocean haul hauling net, PAB net and garfish.</p> <p>Must ensure crew shares are not devalued in process.</p> <p>Needs to be tailored to each region.</p> |

NB. Need to work out some of the detail of how the options would be implemented and monitored (e.g. the details of the last linkage approach above, how would a 'day' be defined, pre-fish reporting requirements, how minimum shareholding would be determined, maximum shareholdings etc).

Information/data requirements for next meeting

Action 2: Where relevant to the linkage options to be modelled (or otherwise of particular importance), DPI to bring the following to the next meeting:

- Relative costs of the various options including relative to current management arrangements.
- Information regarding departmental discussions with financial institutions.

End.

More information

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For updates go to www.dpi.nsw.gov.au/fisheries/commercial/consultation

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