

FACT SHEET

Inshore and Offshore Prawn Day Regime

April 2018

1. Overview of transition

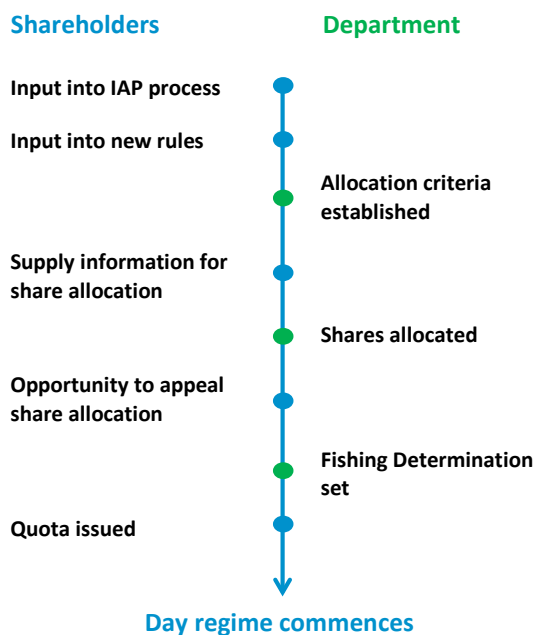
The NSW Government has approved a day regime for the Ocean trawl – inshore prawn and Ocean trawl – offshore prawn sectors.

The transition to a new day regime has some complexities but the end result, similar to the QLD day regime, will be easy to operate under.

Parts of the transition will require industry input. Shareholders are encouraged to participate in any upcoming opportunities for industry feedback.

The Department of Primary Industries (DPI) will continue to ensure that shareholders are informed of key dates before they arise.

Figure 1: Transition to the new day regime



2. Independent allocation panel

The NSW Government has previously announced that effort quota shares will be allocated to eligible shareholders based on shares and hull units. The role of the Independent Allocation Panel (“IAP”) is to advise the Minister whether:

- (a) shares or hull units should be weighted and if so how

- (b) hull units should be standardised and if so how

Information provided in this Fact Sheet about the number of effort quota shares you are allocated and deduction of effort quota may change as a result of advice provided by the IAP, however, the IAP’s advice will not impact the number of days that you may fish initially under the new day regime.

3. Allocating effort quota shares

Effort quota shares will be allocated to eligible shareholders in the second half of 2018.

Eligible shareholders:

Only holders of the following shares will be eligible to be allocated effort quota shares:

- Ocean trawl – inshore prawn shares (“inshore prawn shares”)
- Ocean trawl – offshore prawn shares (“offshore prawn shares”)

Basis for allocation:

Eligible shareholders will be allocated effort quota shares on a Fishing Business (“FB”) by FB basis.

Effort quota shares will be allocated to eligible shareholders based on the total number of inshore prawn and offshore prawn shares held in a FB and hull units.

Subject to any weighting of shares or hull units or the standardisation of hull units, the formula for allocating effort quota shares is relatively simple.

Allocating effort quota shares

In the case of a shareholder with 100 inshore and offshore prawn shares in total and a boat licence with 30 hull units, the shareholder could expect to receive around 3,000 effort quota shares (i.e. 100 shares x 30 hull units). **Note: This is a guide only**

4. Hull units

The hull units used to allocate effort quota shares to eligible shareholders will depend on a number of things including whether you hold inshore or offshore prawn shares.

Offshore prawn shareholders:

Under current arrangements fishers operating in the offshore prawn sector must use a boat that has a licence with maximum hull and net units specified in it – these are sometimes referred to as maximum units, offshore prawn units or simply units and for many years have been widely recognised as a form of access right.

In the case of an offshore prawn shareholder the hull units to be used to allocate effort quota shares will be the **“maximum hull units” specified in a boat licence registered to the shareholder.**

Surrendered offshore prawn units:

Under current arrangements licence holders have been permitted to voluntarily surrender their offshore prawn units on a temporary basis for approval to upgrade their boat for use in other fisheries. While the units are surrendered the boat cannot be used in the offshore prawn sector.

Consistent with the approach for all other offshore prawn shareholders, the hull units to be used to allocate effort quota shares to shareholders in this situation will be the **“maximum hull units” that the shareholder voluntarily surrendered on a temporary basis.**

Inshore prawn only shareholders:

In the case of an inshore prawn only shareholder the hull units to be used to allocate effort quota shares will be the **hull units calculated for a single licensed fishing boat registered to the shareholder.**

If you are an inshore prawn only shareholder and you have a boat licence with units (or surrendered units) registered in your name, the “maximum hull units” specified in the licence (or surrendered) may be used to allocate your effort shares.

5. Information from shareholders

Shareholders will need to provide important information to the department before the criteria for allocating effort quota shares can be applied.

Offshore prawn shareholders:

Offshore prawn shareholders will be required to identify the boat licence with units to be used to allocate effort quota shares on a FB by FB basis.

The licence:

- must be current (not expired);
- must be registered to the shareholder; and
- cannot be used to allocate effort quota shares to more than one FB.

The same will apply to those who have voluntarily surrendered their units on a temporary basis.

Inshore prawn only shareholders:

Inshore prawn only shareholders will be required to identify the boat to be unitised to allocate effort quota shares on a FB by FB basis.

The boat:

- must be licensed (not expired);
- must be licensed to the shareholder; and
- cannot be used to allocate effort quota shares to more than one FB.

Shareholders in this category will be required to supply a survey certificate that specifies the length, depth and breadth of the boat measured in accordance with the Uniform Shipping Laws Code.

The formula used to calculate the hull units of a boat will be the same formula used to unitise offshore prawn trawlers in the late 1980s.

$$\text{Hull units} = \frac{\text{Length} \times \text{depth} \times \text{breadth} \times 0.6}{2.83}$$

6. Fishing Determination

After all shareholders have been allocated effort quota shares a Fishing Determination (“FD”) will be made.

The FD will be expressed as hull unit days and will replace the “preliminary ITCAL” of 14,370 days re-introduced in 2017 so that shareholders could invest in shares with greater certainty.

Making a new FD is not only necessary but provides an opportunity to ensure that shareholders receive at least the number of days per share forecast by DPI prior to the subsidised share trading market.

7. Allocation of quota

Just prior to the new day regime commencing, and each year thereafter, effort quota will be allocated to shareholders for the upcoming fishing period.

Effort quota will be allocated proportional to the number of effort quota shares you hold and will be expressed as hull unit days.

8. How much quota is deducted?

Quota will be deducted each day a shareholder operates in the inshore or offshore prawn trawl sectors.

Subject to hull capacity being standardised, the amount of quota deducted will be based on the hull units of the physical boat you use.

Operating under the day regime

If a 30 hull unit boat is used then around 30 quota units (or hull unit days) would be deducted from the shareholders quota. **Note: This is a guide only**

9. Adjusting access

Shareholders will be able to adjust their level of access by transferring the following independently of each other as needed:

- Inshore prawn shares
- Offshore prawn shares
- Effort quota shares
- Effort quota

In mid-2018 you will have an opportunity to provide feedback on any limitations on the transfer of the new effort quota shares and effort quota.

10. How many days will I get?


DPI's advice to date (as published on its website) has been; "Subject to no change in the size (hull units) of your boat, each inshore or offshore prawn trawl share will equate to a minimum of 0.69 days".

How this advice translates to you depends on your personal situation, in particular whether you have changed the size of your boat in the past or change the size of your boat in the future.

Understanding the following two steps will help you understand how acquiring a new boat licence with units or changing the size of your boat has or will affect you.

When allocating effort quota shares (step 1) the hull units on your boat licence (or temporarily surrendered) will be used, except in the case of an inshore prawn only shareholder.

Step 1: Allocating effort quota shares



EFFORT QUOTA SHARES

When operating under the new day regime (step 2) the hull capacity of the physical boat used is important, as this will be used to determine how much quota to deduct each day you are at sea.

Step 2: Operating under the day regime



EFFORT QUOTA USED

11. Common scenarios

Attachment 1 outlines some of the more common scenarios that exist. They relate to offshore prawn shareholders and the time the new day regime commences, prior to any trading in shares or quota or subsequent changes in boat size.

12. Deregistered companies

If your fishing business is owned by a company, and the company is deregistered on the day the Minister determines who is eligible for effort quota shares, the effort quota shares will be issued to the Australian Securities and Investments Commission (ASIC). The process to obtain the effort quota shares may take a long time, and will be expensive.

Do not assume that your company is registered. ASIC may deregister a company if its directors have not lodged annual returns for the company or paid the annual fees for the company. ASIC maintains a free company search facility, where directors of a company can confirm that the company remains registered. It is found at https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_adf.ctrl-state=10vcuatxel_4.

If your company is deregistered, contact your accountant or financial adviser immediately to initiate reinstatement of registration before the effort quota shares are issued.

13. Preparing for your allocation

Attachments 2 and 3 contain checklists to help you prepare for the allocation of effort quota shares.

Attachment 2 is for offshore prawn shareholders, including those who have temporarily surrendered their units. Attachment 3 is for inshore prawn only shareholders.





14. More information

Commercial Fisheries Hotline: 1300 726 488

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (April 2018). 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. OUT18/5755

Attachment 1: Common scenarios for offshore prawn shareholders – how many days will I get?

| Scenario | How many days | Justification | Other issues |
|--|---|---|---|
| <p>Hull units on licence = hull units of boat</p>  <p>This is the most common scenario: the hull units used to allocate the new effort quota shares are equal to the hull units of the physical boat that is used once the new day regime commences.</p> | <p>In this case shareholders can expect to be eligible for at least 0.69 days per current inshore or offshore prawn share.</p> | | |
| <p>Hull units on licence > hull units of boat</p>  <p>This scenario applies to a small number of shareholders who own boat licences that have more hull units than their physical boat.</p> | <p>In this case shareholders can expect to be eligible for more than 0.69 days per current inshore or offshore prawn share. This is because their use of a smaller boat means that their quota will be consumed at a lesser rate.</p> | <p>In these cases there has been a change in boat size (or licence) in the past, which is why they will be able to work more days than forecast.</p> | |
| <p>No current licence or no hull units on licence</p>  <p>This scenario applies to offshore prawn shareholders who do not own a current boat licence or who do not own a boat licence with units at the time the effort quota shares are allocated.</p> | <p>In this case shareholders can expect to be eligible for significantly less than 0.69 days per current inshore or offshore prawn share.</p> | <p>In these cases the use of any boat under the new day regime would constitute a change in boat size – ranging from no boat able to be used in the offshore prawn trawl sectors to a boat that can only be larger.</p> | |
| <p>Hull units temporarily surrendered</p>  <p>This scenario applies to a small number of shareholders who have voluntarily surrendered units for approval to upgrade to a larger boat for use in other fisheries or share classes.</p> | <p>In this case shareholders can expect to be eligible for less than the equivalent of 0.69 days per current inshore or offshore prawn share. This is because their use of a larger boat means that their quota will be consumed at a greater rate.</p> | <p>In these cases there has been a change in boat size in the past that will perpetuate under the new day regime, which is why they will not be able to work the number of days forecast.</p> | <p>Shareholders in this category will be allowed to use their upgraded boats in the offshore prawn sector for the first time, subject to the boat being less than 20 m in length or licensed with an “OT” exemption code on the boat licence.</p> |

Attachment 2: Checklist for offshore prawn shareholders

This checklist should be considered or applied on a Fishing Business (“FB”) by FB basis.

FB number:.....

Owner registration number for FB:

I am happy with the number of inshore / offshore prawn shares in this FB Yes No

If you answered “no”, you may transfer (buy or sell) shares. Transfers done online are free.

I have a boat licence that is registered to the same person / entity as this FB Yes No

Hint: Check the owner registration number for your FB and the owner registration number on your boat licence to make sure that they are the same.

If you answered “no”, you may apply to transfer a boat licence (or FB) so that your boat licence and FB are registered in the same name or to the same entity. Any such transfers should be initiated well in advance of the upcoming share allocation process. FB transfers done online are free.

The boat licence will be current (not expired) when the criteria for allocating effort quota shares are applied in the second half of 2018 Yes No

Hint: Check the expiry date on your boat licence.

If you answered “no” you may wish to consider the implications that may arise during the upcoming share allocation process (refer Fact Sheet).

Options for consideration could include:

- (a) apply for renewal or re-issue of your boat licence; or,
 - (b) transfer (sell) all of your inshore and offshore shares to someone else and exit the fishery.
- Any such transfers should be initiated well in advance of the upcoming share allocation process. Transfers done online are free.

(a) The boat licence has “maximum hull units” specified in it (tick Yes) Yes No

OR

(b) I surrendered my units to upgrade my boat for another share class (tick Yes)

Hint: Check the “maximum hull units” on your boat licence.

If you answered “no” to either of these questions refer (a) or (b) below, whichever is relevant:

- (a) If you have a boat licence that does not have “maximum hull units” (and they were not temporarily surrendered) you may:
 - (i) transfer (buy) a boat licence with “maximum hull units”; or
 - (ii) transfer (sell) all of your inshore and offshore shares to someone else and exit the fishery.

Any such transfers should be initiated well in advance of the upcoming share allocation process. FB transfers done online are free.

- (b) If you temporarily surrendered your units to upgrade your boat for use in another fishery, you can phone Commercial Fisheries Business Adjustment Hotline on 1300 726 488 to find out what your units were and to check that the Department understands that you fall into this category.

The boat licence will be used to allocate shares to this FB only (not any other FB): Yes No

If you answered “no”, because you own multiple FBs or for some other reason, you may wish to consider the implications that may arise during the upcoming share allocation process (refer Fact Sheet).

Options for consideration, so that you will be in a position to nominate one boat licence with units (or surrendered units) per FB could include:

- (a) transferring your inshore and offshore prawn shares into fewer (or one) FB, depending on how many boat licences with units (or surrendered units) you own; or
- (b) transferring (buying) a boat licence with units, so that you will be in a position to nominate one boat licence with units (or surrendered units) per FB.

Any such transfers should be initiated well in advance of the upcoming share allocation process. Share transfers done online are free.

The fishing business (or boat) is registered to a company and the company’s registration with the Australian Securities and Investments Commission is current: Yes No

If you answered “no”, because the company is deregistered, contact your accountant or financial adviser immediately to initiate reinstatement of registration before the effort quota shares are issued.

Attachment 3: Checklist for inshore prawn only shareholders

This checklist should be considered or applied on a Fishing Business (“FB”) by FB basis.

FB number:.....

Owner registration number for FB:

I am happy with the number of inshore prawn shares in this FB Yes No

If you answered “no”, you may transfer (buy or sell) shares. Transfers done online are free.

I have a boat licence that is registered to the same person / entity as this FB Yes No

Hint: Check the owner registration number for your FB and the owner registration number on your boat licence to make sure that they are the same.

If you answered “no”, you may apply to transfer a boat licence (or FB) so that your boat licence and FB are registered in the same name or to the same entity. Any such transfers should be initiated well in advance of the upcoming share allocation process. FB transfers done online are free.

The boat licence will be current (not expired) when the criteria for allocating effort quota shares are applied in the second half of 2018 Yes No

Hint: Check the expiry date on your boat licence.

If you answered “no” you may wish to consider the implications that may arise during the upcoming share allocation process (refer Fact Sheet).

Options for consideration could include:

- (a) apply for renewal or re-issue of your boat licence; or,
- (b) transfer (sell) all of your inshore and offshore shares to someone else and exit the fishery.

Any such transfers should be initiated well in advance of the upcoming share allocation process. Transfers done online are free.

The boat licence has a physical boat attached Yes No

Hint: Check the back of your boat licence to make sure it includes physical details for a boat (i.e. LFB number, length, construction material etc.). If it does not include such details then there is no physical boat recognised as being attached to the boat licence.

If you answered “no” you may wish to consider the implications that may arise during the upcoming share allocation process (refer Fact Sheet).

Options for consideration could include:

- (a) apply to attach a boat to your boat licence; or,
- (b) transfer (sell) all of your inshore and offshore shares to someone else and exit the fishery.

Any such applications or transfers should be initiated well in advance of the upcoming share allocation process. Transfers done online are free.

The boat licence will be used to allocate shares to this FB only (not any other FB): Yes No

If you answered “no”, because you own multiple FBs or for some other reason, you may wish to consider the implications that may arise during the upcoming share allocation process (refer Fact Sheet).

Options for consideration, so that you will be in a position to nominate one boat licence (with a boat attached) per FB could include:

- (a) transferring your inshore and offshore prawn shares into fewer (or one) FB, depending on how many boat licences (with a boat attached) you own; or
- (b) transferring (buying) boat licences and an appropriate boat for each, so that you will be in a position to nominate one boat licence with a boat attached per FB.

Any such transfers should be initiated well in advance of the upcoming share allocation process. Share transfers done online are free.

The fishing business (or boat) is registered to a company and the company’s registration with the Australian Securities and Investments Commission is current: Yes No

If you answered “no”, because the company is deregistered, you should contact your accountant or financial adviser immediately to initiate reinstatement of registration before the effort quota shares are issued.