

OCEAN TRAWL SHARE LINKAGE WORKING GROUP

Final outcomes meeting 1, St George Rowing Club, Sydney

19 June 2013

Attendees

Andrew Sanger (Chairperson), Garry Joblin, Darren Ward, Brett Bollinger, Paul Bagnato, Richard Bagnato, Ismay Hropic, Doug Ferrell (DPI), Ian Stockton (DPI), and Darren Hale (DPI), Dallas D'Silva (DPI observer), Tricia Beatty (PFA observer).

Apologies

Donald Anderson and Greg Parker.

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 the exit grant program and the fate of any shares surrendered (i.e. they are to be cancelled), the diverse nature of some fishing businesses, leasing and risk of 'quota barons', the fact we are not 'reinventing the wheel' and that NSW could tap into expertise in other jurisdictions, the role of the working group and it not being a decision making body, the need for fishers to invest (and the \$15.5M adjustment fund contribution) to transition to the new arrangements, the potential cost of the various linkage options, joint stock assessments with other jurisdictions, existing resource sharing issues with other jurisdictions, options for enforcement including VMS and the Integrated Voice Response (IVR) System recently developed, strategies to reduce high-grading/dumping (e.g. leasing quota, carry-over and borrowing from future years), availability of shares and future cost recovery policies.

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.

- Rationalise the boat capacity restrictions in light of any new catch/effort controls, particularly those applying to the prawn trawl sectors (i.e. engine units, hull units, boat length). Also consider providing for the controlled upgrading of boats for enhanced profitability through, for example, on-board processing.

- Rationalise the net length restrictions applying to the prawn trawl sectors (i.e. net units for some boats 33 m in the inshore sector and 60 m in the deepwater sector) – noting past investments by some licence holders.
- Review ‘ground gear’ restrictions (i.e. including drop gear, gauge of chain and allowing six inch rubbers on fish trawl nets).
- Resolve the square- diamond-mesh codend requirements.
- Review sweep length restrictions applying to the deepwater prawn trawl sector.
- Institute changes arising from the recent negotiations concerning the construction of fish trawl nets (i.e. ropes, joining ratios, double-twine material to some parts of the net etc.).
- Review the closure to trawling in all waters outside the 1,100 m depth contour.
- Review the Forster and Port Stephens JKP closures.
- Review need for requirement to hold OG1 to fish beyond 3 nm.
- Consider allowing for the taking of two lobsters for personal consumption only.
- Review all arrangements that result in the regulatory induced discarding of otherwise marketable fish, including:
 - the NSW trip limits
 - the prohibition on taking flathead in prawn trawl nets south of Smoky Cape
 - the use of size limits in trawl fisheries generally, given that trawl gear cannot be selective across all relevant species. Particular species also mentioned were silver trevally, tiger flathead and bluespotted flathead (noting a size limit of 28cm for tiger flathead taken in Commonwealth managed fisheries).

Action 2: DPI to check/locate published Commonwealth research on four v six inch rollers.

Linkage options for further investigations

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 school whiting (one of the more complex examples).	<p>Increased scope to remove input controls that may be inhibiting efficiency or resulting in discarding.</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 VMS and or IVR cost for enhanced compliance etc.</p> <p>Risk of increased discarding (including as a result of high-grading).</p>

Model	Pros	Cons
<p>Model the following effort quota scenarios:</p> <p>Days + boat capacity in NFT</p> <p>Days + boat capacity in OPT</p> <p>Days + boat capacity in each sector of the OPT.</p>	<p>Increased scope to remove input controls that may be inhibiting efficiency.</p> <p>Shareholder can choose to upscale/downscale.</p> <p>Easier to replace boats: bigger boat = less days and vice versa.</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>Fishers may feel the need to stay at sea despite adverse weather conditions (it was also noted that this already occurs).</p> <p>Potentially high implementation & ongoing costs – including VMS and or IVR cost for enhanced compliance etc.</p>
<p>Model a minimum share holding scheme (No. of endorsements) for each share class.</p>	<p>Less discarding than catch quota.</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>Model the linking of fish trawl shares to the taking of fish (other than prawns) in the prawn trawl sector.</p>	<p>Re-dresses the misallocation of NFT shares to prawn trawlers.</p> <p>Reduced discarding in the prawn sector if current prohibitions on the taking of certain species are removed.</p>	<p>Potential legal, high level policy and systems issues (i.e. the novel concept of linking shares in one sector to catch in another sector) – to be investigated prior to or in connection with modelling.</p> <p>Potential for increased initial investment cost for prawn trawl shareholders – subject to the design of the scheme.</p>

Information/data requirements for next meeting

Action 3: Where relevant to the linkage options to be modelled (or otherwise of particular importance), DPI to bring the following to the next meeting:

- For fishing businesses with NFT shares, recent levels of activity (days) and the number of shares allocated – relevant to the effort quota modelling above.
- The number of businesses with prawn shares that also have NFT shares – relevant to the last linkage approach above.
- The number of businesses with NFT shares that also have a SFT endorsement.

End.

More information

www.dpi.nsw.gov.au/fisheries

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