

NSW COMMERCIAL FISHERIES REFORM PROGRAM

Share linkage options

Ocean Trap and Line Fishery – Spanner crabs



NOTE: THIS DOCUMENT HAS BEEN PREPARED FOR DISCUSSION WITH THE SPANNER CRAB WORKING GROUP ONLY. IT IS NOT THE FINAL ANALYSIS AND DOESN'T REPRESENT THE INFORMATION THAT WILL BE SENT TO ALL SHAREHOLDERS FOR COMMENT.

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Share Linkage Options – Ocean Trap and Line Fishery – Spanner crabs

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More information

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Spanner crabs: photo by Miriam Vandenberg

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Foreword

The purpose of this paper is to describe potential share linkage options for the NSW Ocean Trap and Line Fishery – Spanner crab fishery for consideration by the Spanner crab Share Linkage Working Group (the Working Group) at its second meeting in November 2013.

The share linkage options presented in this paper were short-listed by the Working Group at its first meeting having regard to the Minister's previous commitment that quota be implemented in the northern zone of the spanner crab fishery and following the hierarchy of linkage options proposed by the independent review team in the *Independent Review of NSW Commercial Fisheries Policy, Management and Administration* (the Review):

1. Where catch quota is a feasible proposition for a species, it should be pursued as the preferred option for linking shares to resource access. In multi-species share classes where species specific catch quotas do not encompass the bulk of the catch taken, the alternate linkage options below may need to be pursued for non-quota species.
2. If species specific catch quotas are not a feasible proposition, shares in that sector should be linked to fishing effort in the form of transferable time/gear based quota.
3. In the event that the two approaches above are demonstrated to not be feasible for a share class (i.e. the financial and other costs heavily outweigh the benefits), shares should be linked to resource access at the endorsement level whereby eligibility for an endorsement is determined by holding a minimum number of the corresponding shares.

The share linkage options presented in this paper may not necessarily be the only feasible share linkage options for this fishery. A hybrid or combination of the linkage options may also be feasible.

Another important part of the reform program is the streamlining of current management arrangements to improve industry viability through, for example, increased business flexibility, improved operational efficiency and minimised management costs. The streamlining of current management arrangements will be influenced by the strength of the linkages pursued. Towards the end of this paper is detailed discussion on the management arrangements that may be able to be streamlined for further consideration by the Working Group.

Depending on their feasibility, the share linkage options and ancillary reforms will be referred to shareholders for consideration and comment, and a public consultation phase will be needed given the interests of the other fishing sectors and some parts of the community in changes to the rules and regulations applying to the State's commercial fisheries. They will then be referred to the Structural Adjustment Review Committee (SARC), along with all submissions received, for consideration and final recommendations to the Minister for Primary Industries.

The background and justification for the commercial fisheries reform program and the linking of shares to resource access is explained in detail in the *Independent Review of NSW Commercial Fisheries Policy, Management and Administration* (the Review), the Government's response to the Review, an Information Paper summarising the major findings of the Review and Commercial Fisheries Newsletters – all of which are available on the Commercial Fisheries Reform Homepage on the NSW DPI website. The overarching objectives of the reform program are to:

- Provide shareholders improved flexibility to tailor their access (and management costs)
- Improve the overall viability of the NSW commercial fishing industry
- Improve the value of shareholders' property rights (i.e. shares)
- Improve investment confidence and support from financial institutions
- Improve management and the public's perception of the NSW commercial fishing industry.

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Major issues facing the NSW Ocean Trap and Line Fishery – Spanner crabs

Some of the major issues facing the spanner crab component of the NSW Ocean Trap and Line Fishery that can be addressed through the reform program (and the linking of shares to resource access) include:

Spanner crab – Northern zone

- A majority of fishers in the northern zone have been seeking a catch quota system for many years, driven by small shareholders operating at relatively high levels.
- Shareholdings in this zone were based specifically on spanner crab catch history. Under the current share management arrangements, access to the spanner crab resource is not linked to shareholdings.
- While a catch quota system in this zone has been approved by the Minister for Primary Industries, there is some concern over the cost of the introduction of a quota system and what that will mean to business viability.

Spanner crab – Southern zone

- Shareholdings for spanner crabs in this zone were not based on spanner crab catch history specifically and were not issued on an equivalent basis to the northern zone shares.
- Some southern zone spanner crab fishers have indicated they do not want a catch quota unless their shareholdings are assessed as being equivalent to those of the northern zone, preferring instead to operate under a different system of effort controls with daily trip limits or similar.
- The southern boundary of the fishery at Korogoro Point limits fishing opportunities to the south.

General

- The fishery is relatively small with a low overall GVP and therefore every effort should be made to minimise the number of different management frameworks to minimise future management costs.

These issues need to be considered in the context of:

- a NSW fishery that is a small component of larger Queensland fishery managed using a catch quota scheme
- the NSW fishery relies on good recruitment and strong management in Queensland waters
- oceanographic data showing a southwards strengthening of the East Australian Current that is likely to affect the abundance and availability of spanner crabs along the NSW coastline.

Interim Total Commercial Access Levels (ITCALs)

In this paper there are many references to Interim Total Commercial Access Levels (ITCALs). Understanding ITCALs is important because they are a key element of the catch and effort quota management options set out in this paper. As the term suggests, an “ITCAL” is a temporary limit set for the purpose, and during a period, of significant industry adjustment.

Once set, an ITCAL operates in the same way as a Total Allowable Catch (TAC), Total Allowable Commercial Catch (TACC) or a Total Allowable Effort (TAE), but it serves a different purpose and is set in a different way.

A TAC is the total amount of catch that can be taken in a specified period, usually a year. TACs are sometimes set up to apply across all, or a range of, stakeholder groups however they can also be set up to apply to a given sector only – for example, the TACC applying to the NSW Rock Lobster Fishery applies only to the commercial sector. A TAE is similar but relates to the total amount of effort that may be used in the specified period.

TACs are usually based on a stock assessment that takes into account a wide range of information from a variety of sources including logbooks and scientific surveys etc. TAEs, which act as a proxy for limiting total catch, are based on similar information.

Because of the time and resources required to establish biologically based TACs and TAEs that are scientifically robust, an alternative approach is being pursued for setting the initial total catch and effort levels where necessary. This alternative approach involves:

- Recognising the new total catch and effort levels as ITCALs given that they will not be biologically based as per the vast majority of TACs and TAEs; and,
- Setting the initial ITCALs at levels commensurate with current catch or effort levels in the sector(s) concerned.

This approach was referred to in the Independent Review report:

“Catch and effort limits are likely to be set, at least initially, at levels commensurate with current levels. While these limits may need to be scaled back over time in some share classes to increase the productivity of the resource or deal with overfishing issues, the issues associated with doing so will be considerably easier once a meaningful linkage has been established.”
(Independent Review of NSW Commercial Fisheries Policy, Management and Administration Report; pg 72).

In recognition of the role of the ITCALs during the structural adjustment phase and to provide industry with some level of certainty, it is proposed to set the ITCALs for a three year period and only modify them within this period if there is a demonstrable sustainability problem that arises in a particular share class, or if the shareholders themselves request, and DPI agrees, for it to be modified. After that point, the ITCALs will progressively be turned into TAC/TAEs determined in accordance with the processes and requirements set out in the *Fisheries Management Act 1994* (Part 2, Division 4).

Option 1: Quota managed in a single spanner crab share class (consolidation of northern and southern zone share classes)

Under this scenario the spanner crab (northern zone) and spanner crab (southern zone) share classes would be consolidated so that there is only one spanner crab share class. The way in which this consolidation could occur is described below. Spanner crabs would then be managed using a catch quota.

The major features of a catch quota system include:

- Optimum opportunity to remove controls that inhibit fishers' profitability and government efficiency.
- Provides for autonomous (as opposed to forced) adjustment.
- Opportunity for shareholders to upscale or downscale their access (and associated management charges which would be proportional to the number of shares held).
- Guarantees security of investment in a fishers' share within the fishery.
- Tight control over total spanner crab catches from the fishery, which can be beneficial from a range of perspectives including capacity to deliver sustainability and resource sharing objectives within the fishery and between the fishery and other stakeholder groups.
- Community confidence that the fishery is operating at sustainable levels. Confidence that catches are limited may lead to greater community and government support for proposed changes/streamlining to benefit fishers, including their fishing efficiency.

These major features must, however, be considered alongside the full range of issues sometimes associated with catch quota schemes such as implementation and ongoing costs. These issues are highlighted later in this part (under "Issues to consider") and in Appendix 1.

Consolidation of share classes would mean amending the *Fisheries Management (Ocean Trap and Line Share Management Plan) Regulation 2006* so that it referred to one spanner crab share class only. Pursuing this option may rely on the level of support within each share class to adopting the proposed consolidation.

Determining the ITCAL

The ITCAL for this option has been calculated using the 15 year average of total spanner crab catches from 1997/98 to 2011/12. Based on this approach the NSW industry wide ITCAL for spanner crabs would be 168.7 tonnes.

Discussion required: DPI will present for discussion the data used to calculate the NSW industry wide ITCAL above. These discussions may result in changes to the above ITCAL and the spanner crab quota that would be available to shareholders as presented below.

Determining the spanner crab quota available to shareholders

Firstly, the spanner crab ITCAL needs to be 'allocated' between zones. From 1997/98 to 2011/12 the southern zone has averaged nearly 3% of the total NSW spanner crab catch. In this option, as a starting point, the southern zone would be allocated 3% of the ITCAL. The spanner crab ITCAL available to each of the zones would then need to be allocated amongst shareholders proportional to the number of shares held as set out in the following table.

Table 1 Calculation of spanner crab quota per share for each fishing zone

Sector	ITCAL	Total shares	Quota per share
Northern zone	163,639 kg	1,760	92.98 kg per share
Southern zone	5,061 kg	345	14.67kg per share

Allocations for each shareholding are provided in the Table 2 and are based on the quota per share calculated in Table 1.

Table 2 Calculation of spanner crab quota per shareholding for each fishing zone

Shareholding	Nth zone - Potential quota (kgs)	Sth zone – Potential quota (kgs)
5	464.88	
10	929.77	
15	1394.65	
20	1859.53	
25	2324.42	366.74
30	2789.30	440.09
35	3254.18	513.43
40	3719.07	586.78
45	4183.95	660.13
50	4648.84	733.48
55	5113.72	806.83
60	5578.60	880.17
65	6043.49	953.52
70	6508.37	1026.87
75	6973.25	1100.22
80	7438.14	1173.57
85	7903.02	1246.91
90	8367.90	1320.26
95	8832.79	1393.61
100	9297.67	1466.96
130	12086.97	
160	14876.27	
180	16735.81	
240	22314.41	

Under this option, the current northern and southern zone share classes would be combined. One way of doing this is using the catch quota for each shareholding in the southern zone and comparing it the catch quota in the northern zone. The equivalent shareholdings are in Table 3.

Table 3 Conversion of southern zone shareholdings to the equivalent northern zone shareholdings based on quota.

Current shareholding (Sth)	Converted shareholding*
25	4
40	7
65	11
80	13
120	19

*Converted shareholdings have been rounded upwards to the nearest whole share.

If shares are surrendered for cancellation prior to implementing the quota system, for example during the exit grant process, the amount of quota per share available to those that remain will be greater than the estimate above.

Discussion required: Appropriateness of the percentage of quota allocated to each zone. These discussions may result in changes to the above ITCALs for each zone and the spanner crab quota per share.

Other issues to consider

Additional issues relevant to a catch quota regime, include:

- Defining the fishing period
- Acquiring additional quota
- Attributing management charges to shareholders
- Monitoring quota usage (using the IVR or similar technology)
- Minimum shareholding requirements for new entrants.

Fishing period

An allocation of quota is available to be fished during what is known under the *Fisheries Management Act 1994* as a 'fishing period'. Fishing periods are generally defined as 'one year', however they can also be longer or shorter.

Discussion required: The Working Group's advice is required on a suitable 'fishing period'. Realistic options include a one or two year fishing period. Longer fishing periods can result in reduced total management costs and are a feasible proposition for stocks at low risk of overfishing. Stocks at greater risk of overfishing are best managed using shorter (one year) fishing periods. DPI suggests that a two year fishing period would be suitable for the management of spanner crabs (similar to Queensland) with a mid-cycle review.

Acquiring additional quota

Acquiring additional catch quota could be achieved by a fisher in two ways:

- By transferring relevant shares, which would result in the shareholder having an ongoing right to a greater portion of the ITCAL/TAC for future fishing periods; or
- By transferring quota from other relevant shareholders, which may only be fished during the balance of the relevant fishing period.

Share and quota transfers will be able to be done at minimal or no cost using FishOnline or for a fee if done via a paper-based application.

If all (or the last) share of the relevant class is transferred from a business, any quota remaining – quota that has not been used or not already transferred to another shareholder – would be transferred along with the last share to the new shareholder. This arrangement currently applies in the Abalone, Lobster and SUTS fisheries and has been hardwired into FishOnline.

Discussion required: DPI notes a range of views from various Working Groups at their first meeting regarding transferring quota during a fishing period. Some of the issues raised include:

Reasons for quota transfers:

- Helps those wanting to fish at a desired level but cannot afford to buy shares
- Helps those who run out of quota and want to top up their allocation without buying shares.
- Helps those who want to transfer their quota to another fisher and use the proceeds for other purposes such as adjusting their business/purchasing more shares.
- Helps to ensure the entire ITCAL/TAC is used (i.e. such that there is little or no quota left over at the end of a fishing period).
- Transferring quota is one strategy that can be used to reduce discarding.

Reasons against quota transfers:

- Slows the rate of adjustment.
- Means that shares are less available to purchase for those fishing business owners who want the ongoing right/certainty to a greater portion of the ITCAL/TAC.
- May stimulate 'quota barons' – people who purchase significant numbers of shares with the intent of leasing quota to other fishers.

DPI's preliminary view is that the ability to transfer quota is an important component of any (catch or effort) quota management regime, and that the amount of quota that may be transferred to a shareholder during a fishing period should not be restricted unless there is a compelling reason to do so. However, there may be reasons why the Working Group/industry considers that an interim limitation on quota transfers be implemented. Also important to note is that:

- FishOnline has been designed to allow quota transfers and this function cannot be turned on for one quota regime (or fishery) and at the same time be turned off for another – in other words because FishOnline has been set up to provide for quota transfers in the Rock Lobster, Abalone and Sea Urchin fisheries, any other fisheries that proceed to quota management and use FishOnline will need to provide for the transfer of quota unless significant cost to modify FishOnline is incurred; and,
- Modifying FishOnline to introduce limits on the amount of quota that may be transferred to a shareholder during a fishing period will impact the performance (i.e. speed) of FishOnline, come at a cost that will need to be borne by government or industry and may frustrate shareholders trying to acquire additional quota.

Attributing management charges to shareholders

Under a catch quota system the cost of management is attributed to shareholders proportional to the number of shares held. In other words, a shareholder with a large package of shares (and greater access) will pay a larger share of the management costs than a shareholder with a smaller package of shares. Paying per share (or catch quota) can be beneficial to fishers who are diversified and need only a small number of shares (or kgs) to compliment their other fishing activities – particularly when compared to a minimum shareholding system where all shareholders are charged the same regardless of how many shares they hold and how many days they fish or how much catch they may take.

Monitoring quota usage

With respect to monitoring catches, the IVR system has been designed to require endorsement holders to make a pre-fishing, pre-landing and post landing report using a mobile phone.

Discussion required: The Working Group's view is sought on the IVR system as a tool for monitoring quota usage or on any alternatives that would deliver the integrity required. DPI's preferred position is that the IVR system be utilised, at least until such time as alternative technology (e.g. smart phone apps) are developed and functional.

Minimum shareholding requirements for new entrants

Minimum shareholding requirements can be used in conjunction with a quota system to assist in adjustment within the share class. This would mean that, as with other share classes, as soon as share trading occurs, both the buyer and seller of shares must have the minimum shareholding requirement to be issued with an endorsement. Quota could still be transferred from a fishing business that has less than the minimum shareholding.

Discussion required: The Working Group's advice is sought on the use of a minimum shareholding requirement in conjunction with a quota system.

FishOnline and IVR compliant

FishOnline and the IVR system have been designed to deal with quota management regimes along the lines of that proposed here. Consequently, it is envisaged that neither system would need to be enhanced.

It should, however, be noted that complications may arise for fishers working fishing businesses with many share classes that are subject to 'consumable' catch or effort quotas.

Each time a fisher phones in on the IVR system, he or she would need to listen to the full range of quota regimes relevant to the fishing business concerned before choosing the quota regime to report against. Preliminary testing of the IVR system indicates that having more than 3 to 4 quota regimes linked to a fishing business may frustrate some users. There are, however, a number of potential solutions:

- Move the shares that are linked to a quota regime into a separate fishing business. This would alleviate the need for the fisher to listen to the full range of quota regimes relevant to the fishing business concerned each time he or she uses the IVR system.
- NSW DPI is looking to develop new technology (i.e. a smart phone app) that is easier for fishers to use than the IVR system – much like using the internet where the user chooses the quota regime he or she is interested in without first having to listen to a list of quota regimes.

Discussion required: The Working Group's advice is sought on these or other potential solutions to the limitations associated with the IVR system.

Option 2: Quota managed using the current share classes

Under this scenario the spanner crab (northern zone) and spanner crab (southern zone) share classes would be maintained and spanner crabs would be managed using catch quota. Unlike Option 1, there is no need to convert shareholdings.

Determining the ITCAL, the spanner crab quota available to shareholders, and other issues to consider, as well as the issues for discussion, are the same in this option as they are for Option 1. However, maintaining two separate share classes poses additional complexity. Such as:

- How shares could be transferred
- How quota could be transferred.

Consider the following example:

Fishing Business (FB) X has 50 spanner crab (northern zone) shares

Fishing Business Y has 40 spanner crab (southern zone) shares.

Owner of FB X would like to purchase additional spanner crab shares to secure an ongoing right to a greater proportion of the ITCAL/TAC.

Owner of FB Y is willing to sell 20 spanner crab (southern zone) shares.

FB X would then have 50 spanner crab (northern zone) shares and 20 spanner crab (southern zone) shares. FB X could then fish the quota associated with those two share classes in either the northern or southern zone. On an ongoing basis, the quota for each share class would be calculated based on the ITCAL/TAC and its division between share classes, and the total quota would be allocated to FB X.

If the owner of FB X wanted to lease the quota from FB Y, then the quota would be allocated to FB X without the need to hold the southern zone share class.

Option 3: Spanner crab quota in the northern zone, non-quota arrangements in the southern zone

A proposal for the spanner crab (southern zone) share class to operate separately from the northern zone share class (and outside of a quota management regime if the shares were not considered equal between the zones), was suggested at the first Working Group meeting. The proposal included:

- no total limit on the spanner crab catch from the southern zone
- a 200 kg/day limit per endorsement
- an increase in the dilly limit to 32 dillies per 40 shares held (i.e. link shares to dilly numbers with 10 shares equal to 8 dillies)
- implementing a small closure south of the Yamba to provide a 'buffer' between the two zones, mainly to facilitate compliance and ensure that spanner crabs were not being caught under one regime and transferred/sold in the other zone.

To maintain the integrity of the quota system applied to the northern zone, the southern zone would need to operate under a total catch cap. This cap should be the same as that which would be allocated to the southern zone under the quota system outlined in Option 1 (i.e. using the 3% avg share in the NSW catch). It would then be possible for fishers in this zone to operate under the 200 kg/day catch limit or no daily limit would be needed.

Discussion required: The Working Group's advice is sought on the need for the southern zone to operate under a catch cap

The proposal to increase the dilly numbers able to be used in the southern zone from a maximum of 30 dillies that can be operated now, was not accompanied by any rationale.

Discussion required: The Working Group's advice is sought on the reasons for the proposed increase in dilly numbers.

DPI's preferred option is to retain the maximum of 30 dillies given that increased spanner crab mortality is related to limb damage which is more likely to occur the more dillies that need to be checked. Retaining the current maximum also reduces the complexity in arrangements between

each zone. Note that the maximum number of 20 dillies that may be used by a single operator (with no crew) could be removed so that all operators can use up to 30 dillies.

Discussion required: In respect of the proposed closure area near Yamba, the Working Group's advice is sought on the need for a buffer zone to aid compliance and whether there are other options to achieve this aim without closing areas to fishing.

Comparison of share linkage options

The share linkage options investigated in this paper all have pros and cons and address, to different degrees, the various objectives of the reform program.

Changes to fishing rights can be difficult for fishers. When linking property rights to resource access it is natural for those affected to focus on how much quota they will get and how the program may adversely affect their business – the negatives are easily speculated and advocated, and the longer term positives seem too far away to be tangible. There is no doubt that linking property rights to resource access will change the way shareholders manage their businesses and/or operate. Some will choose to exit and others, generally those who catch fish more efficiently and who are more business minded, are more likely to remain and prosper into the future.

The government has advised that the final decision on linkage will be based on merit (i.e. not a shareholder vote), so it is critical that consideration is given to not only the pros and cons of the various linkage options, but their effectiveness in delivering on the full range of government and industry objectives of linking property rights to resource access.

Table 8 (Appendix 1) compares the three linkage options set out in this paper against a range of short and long term objectives – from government and industry perspectives – that are important to consider.

Costs associated with the share linkage options

A major consideration for shareholders will be the costs associated with the various linkage options, particularly given the proposed development and introduction of a new cost recovery framework. The cost of management is also an issue for government given current industry subsidies and the Act's [secondary] objective to promote a viability commercial fishing industry.

The costs associated with the various linkage options are, however, only one part of the overall picture in terms of shareholder profitability and the government's obligation to promote industry-wide viability. Some important points to note include:

- Individual shareholder profitability is influenced by a wide range of issues many of which are outside the direct control of the State government. Examples include: the cost of boats and equipment; the price received for product harvested; and the fishing ability and business skills of the shareholder concerned. The profitability of individual shareholders is not the responsibility of the Working Group or the government.
- Promoting industry-wide viability is a longer term objective that is also influenced by a range of things including, pertinent to the reform program underway: the cost, complexity and flexibility afforded by the management frameworks put in place and the removal/relaxation of controls that inhibit the operational and business inefficiency of fishers.

Overall, these issues need to be considered alongside the range of social and economic benefits that arise from linking shares to resource access, including gaining a 'social licence to operate' and increased asset (i.e. share) values etc.

The role of government is to establish a framework that promotes improved industry-wide viability – in the medium to longer term – not, as mentioned above, to maintain or improve the profitability of individual shareholders while transitioning to a new management framework.

While it would be ideal to have firm costings for each option, NSW DPI is unable to provide definitive advice on the actual costs that would be payable. This will be influenced by a wide range of things including: the final design of the linkage options; if a quota scheme is pursued, the number of shares held; the number of shareholders remaining; the adoption of technology (e.g. the IVR system etc) to reduce enforcement costs; and the new cost recovery framework once implemented. Speculating on specific management costs payable by shareholders at this point in time would be misleading.

An indication of the relative costs of the various linkage options will be provided separately.

Reforming current management arrangements

A significant part of the reform program is to streamline current management arrangements.

Reforming management arrangements dependent on share linkage

Scope to streamline current management arrangements is, in some cases, dependent on the form and strength of the management framework or linkage proposed to be pursued.

Table 9 (Appendix 2) shows the streamlining proposals for which the form and strength of share linkage is important. It also shows whether or not the proposal is supported by the various linkage options that have been short-listed by the Share Linkage Working Group to date.

Controls that may be refined regardless of share linkage

Streamlining the following current management arrangements is not so dependent on the form and strength of the management framework or linkage proposed to be pursued.

Maximum shareholdings: The current default maximum shareholding of 40% of the shareholding in the fishery is ineffective and proposed to be removed on the basis that there is negligible to nil risk of a monopoly in the relatively small scale fisheries in NSW. This will streamline administration and reduce the longer term management costs. A new maximum shareholding could be introduced in the future if an unacceptable consolidation of shares becomes evident.

Foreign ownership restrictions: It is proposed that the restrictions on foreign ownership of shares be removed on the basis that there is negligible to nil risk of a significant foreign ownership of the relatively small scale fisheries in NSW. Foreign ownership is also an issue managed by the Commonwealth, not the States. This will streamline administration and reduce the longer term management costs.

Registering ‘eligible fishers’: The requirement to register ‘eligible fishers’ against fishing businesses is being removed as part of the development of FishOnline, which will automatically check that nominated fishers are already licensed. This will streamline the nomination process.

Boat licences: Under an output or catch quota regime boat licences would no longer be required to [indirectly] manage catch. The same principal applies under an effort control regime (days etc.) if there is a strong relationship between effort and catch. Removing boat licences presents a range of administrative and business efficiencies, including reduced paperwork and ongoing licensing costs for fishers.

The main issue to consider is whether there will be an ongoing need to cap boat capacity in the fishery. Given that boats can already be upgraded to 16 metres in all sectors of the Ocean Trap

and Line Fishery (by acquiring a suitable boat licence), the main issue requiring consideration is the future use of boats greater than 16 metres in length in the fishery.

Discussion required: The Working Group's view is sought on the option of removing the requirement for boats used in the spanner crab component of the Ocean Trap and Line Fishery to be licensed. In considering this, the future use of boats greater than 16 metres in length in the fishery will need to be discussed.

Related discussion required - OG1 notations on boat licences: The use of the OG1 notation in the management of the spanner crab component of the OTLF, and in the management of the OTLF generally, and whether they should be removed from boat licences.

Appendix 1

Table 8 Comparison of share linkage options

Issue	Catch quota (nth) + non-catch quota (Sth) (Option 3)	Catch quota across both share classes (Options 1 & 2)
Government interests		
Within powers of Act	Yes	Yes
Can be administered	Yes – although added complexity	Yes
Can be enforced	Yes – although added complexity may reduce enforcement capabilities	Yes
FishOnline compliant	Yes	Yes
IVR compliant	Yes	Yes
Promotes voluntary compliance	Partially	Yes
Manages catch	Directly – only if catch cap is implemented in sth	Directly
Can be used to respond to sustainability or resource sharing issues	Directly in nth; Partially in sth	Directly - very strong esp. as this is a single quota species share class
Shareholder interests		
Secure share of catch	Partially – ‘Yes’ in nth, ‘No’ in sth	Very secure
Investment confidence	Partially – ‘Highest confidence’ in nth, ‘Lower confidence’ in sth	Highest confidence
Scope to tailor access	Yes	Yes
Scope to tailor fees	Partially – pay per share (nth), pay per endorsement or per dilly (sth)	Yes: pay per share
Fish more efficiently	Partially – ‘Yes’ in nth, ‘Possible’ in sth	Yes
Value of rights	Highest value in nth, Low value in sth	Highest value
Remove input controls	Limited scope	Maximum scope
Addresses public perception issues (though not a major issue for spanner crabbing)	Partially	Yes
Ongoing adjustment (for viability)	Partially – ‘Yes’ in nth, ‘Possible’ in sth	Yes: autonomous and can be stimulated on an as needs basis
Estimated relative cost of scheme		

Cost per shareholder	Decided by shareholder: costs proportional to shares held (nth); costs proportional to shares held (sth) if shares related to dillies	Decided by shareholder: costs proportional to shares held
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Discussion required: Opportunity will be provided for the Working Group to review the comparison table above, which will be an important part of the paperwork to be put to shareholders for comment.

Appendix 2




Whilst some linkage options will provide for the removal of existing control/s, some will require close monitoring to ensure it doesn't result in significant catch increases to levels that will compromise sustainability (unless of course the ITCAL set manages this risk). The following symbol has been used to denote where this is an issue: 

Table 9 Streamlining proposals and whether the linkage options short-listed to date support their removal or relaxation

Current control	Catch quota (nth) + non-catch quota (Sth) (Option 3)	Catch quota across both share classes (Options 1 & 2)
Remove fishing businesses as an effort control	Yes – only if catch cap is implemented in Sth.	Yes
Allow shares/quota to be transferred to any person	No	Yes
Remove minimum shareholding requirements	No (sth), Yes, but perhaps be retained at a low level to stimulate adjustment should the number of endorsements in a sector need to be reduced to maintain/improve viability (nth)	Yes, but perhaps be retained at a low level to stimulate adjustment should the number of endorsements in a sector need to be reduced to maintain/improve viability
Remove 48 hour restriction applying to nominations ¹	Yes 	Yes
Remove boat capacity restrictions	Yes 	Yes
Remove boundary at Korogoro Point (Hat Head)	No	Yes. Under Option 2, both share classes will be able to access the area south of Korogoro Point.
Remove restrictions on the number of dillies that may be used	Not in short term however restriction on single operator only being able to use 20 dillies will be removed so all operators (with or without crew) will be able to use 30. Can be reviewed in the future.	

Discussion required: Opportunity will be provided for the Working Group to discuss the streamlining proposals above and where necessary firm up the details of any such proposals to be put to shareholders for comment.

¹ This change is occurring as part of the development of FishOnline.