

OCEAN TRAWL SHARE LINKAGE WORKING GROUP

Draft outcomes meeting 2, Sydney Fish Market, Pyrmont

28th and 29th November 2013

Chair's summary

- There is concern with the level of financial investment that may be required by active fishers financially dependant on the fishery. Refer to the specific issues raised below under "Opportunity for members to raise issues/thoughts since the first meeting".
- The working group did, however, take onboard SARCs advice for a staged approach and deferred commencement to ease the financial burden on those intending to remain in the industry.
- The working group discussed alternate approaches for setting the ITCALs and justification for doing so – and industry members were pleased that DPIs was willing to consider alternate approaches.
- For the industry consultation phase the working group agreed [some reluctantly] to put three potential reform packages to shareholders for comment:
 - A two (or potentially three) stage minimum shareholding program;
 - A hybrid approach that involves a small to modest increase in minimum shareholdings around the time of the exit grant program before transitioning to:
 - Two separate hull unit day regimes – one for the fish trawl sector and one that spans the inshore and offshore sectors of the prawn trawl fishery – similar to the 'day regime' that applies to the QLD East Coast Trawl Fishery; and,
 - A longer term [staged] minimum shareholding program for the deepwater prawn trawl sector.
 - A hybrid approach that involves a small to modest increase in minimum shareholdings around the time of the exit grant program before transitioning to:
 - Individually Transferable Catch Quotas for designated species – similar to the quota scheme applying to the Commonwealth's Southern and Eastern Scalefish and Shark Fishery; and,
 - A longer term [staged] minimum shareholding program for the deepwater prawn trawl sector.
- The working group also agreed in-principle to a wide range of changes to the current management arrangements – and agreed to DPI tailoring them to compliment/accompany each of the linkage options for consideration by all shareholders.
- The working group did not pursue the industry initiated proposal to require prawn trawl operators to hold northern fish trawl shares to authorise the taking of specified species of finfish (e.g. school whiting and flathead etc).
- The next step in the process involves DPI preparing a consultation paper for shareholder/public exhibition for review by the working group out-of-session, with a further meeting only if necessary).

Attendees

Andrew Sanger (Chairperson), Garry Joblin, Max Leeson, Graeme Williams, Darren Ward, Greg Parker, Brett Bollinger, Diego (Richard) Bagnato, Paul Bagnato, Ismay Hropic, Darren Hale (DPI), Doug Ferrell (DPI observer) and Tricia Beatty (PFA observer).

Welcome and apologies

The chair welcomed all present. There were no apologies. The chair also confirmed that observers are permitted to attend working group meetings and the new process/guidelines that apply.

Confirmation of previous meeting outcomes

The outcomes from the first meeting were accepted without change.

Review of action items

DPI made a presentation and the chair led discussion on the action items arising from the first meeting.

Action 1 (DPI): Ongoing. Time was set aside to discuss the costs associated with the various linkage options, however, the working group was so focussed on the linkage options and streamlining current regulations that costs were not discussed.

Action 2 (DPI): Complete. Advice from the Australian Fisheries Management Authority (AFMA) is that it has not researched the effects of rubber discs (aka. rollers) on substrate and does not regulate them and that a survey by OceanWatch in 2012 identified that the most common size used was around 150mm (6 inch). The working group also noted the following recommendations from the review by Rowling in 2008:

- It is difficult to make conclusions re. the effects of rubber discs on the various substrates/spp. off NSW.
- Overseas studies are not relevant in the NSW context.
- 100 mm rollers are likely to do less damage to the benthos than chain/combination rope, but may allow access to an increased range of habitats and may effect benthic species composition.
- Important steps include improving understanding of the ground gear in use, the grounds worked (i.e. mapping trawl grounds) and the habitat types off NSW and potentially the closure of representative habitat types (as per the Ocean Trawl Fishery Management Strategy).

Action 3 (DPI): Complete. DPI presented data showing:

- No clear relationship between the number of days that each northern fish trawl shareholder worked in 2011/12 and the number of northern fish trawl shares they hold.
- There are 214 prawn trawl shareholders in total (IPT, OPT, DPT) and only 43 hold one or more northern fish trawl shares – this data is relevant to the industry initiated proposal to require prawn trawl operators to hold northern fish trawl shares to authorise the taking of finfish.
- 10 of the 46 businesses with northern fish trawl shares also have a southern fish trawl endorsement.

Opportunity for members to raise issues/thoughts since first meeting

There is concern with the level of financial investment that may be required of active fishers financially dependant on the fishery and in particular:

- Diminished profitability (high input/fuel costs and low return for product) and the ability of some fishers to invest in additional shares.
- The recent increase in fees – for those with shares in many fisheries/share classes – compounding the financial difficulty that may be experienced by some.
- The age of some participants and the difficulty they are likely to have securing finance.
- The significant investment in boats and gear – more so than in other fisheries – and the possibility that this will influence fishers to stay in the industry rather than exit.
- The distinct possibility that:
 - High catch/effort operators will need to make significant investment under the catch or effort quota options if they are to continue operating at current levels; and,
 - Diverse fishers with many classes of shares will need to make significant overall investment under the minimum shareholding option if they are to remain diversified.

- Concern that share price will artificially inflate as the demand for shares increases in the lead-up to linking shares to resource access, and scepticism that the exit grant process will not adequately offset the cost of acquiring shares in this fishery.

The issue of government funded low interest loans was again raised as a possible solution to the financial difficulty that may be faced by some. It was, however, noted that DPI has previously considered/pursued low interest loans, the government is already making significant financial contribution to the reform program in the form of exit grants and that the primary objective of the exit grant process is to help those who choose to stay in the industry acquire shares at a subsidised rate.

Discussion turned to other elements of the reform program (incl. the exit grant process) that aim to drive share price down – or at least offset the risk of share prices artificially inflating – including:

- Exit grants will only be offered if a tender is deemed ‘value for money’ – which will help minimise the risk of shareholders over-valuing their shares, including on the open market.
- Exit grants will be offered in order of ‘best value for money’.
- DPI is investigating an ‘online brokerage system’ which involves openly advertising sale prices – to help inform the ‘real’ market price of shares.
- The recent change to the fee structure (and amount) has already had the effect of stimulating the trading of shares, with anecdotal information indicating many shares have been sold at relatively low prices.
- Announcing the future reform packages may also have the effect of encouraging some shareholders to exit, potentially resulting in more shares on the market and lower share prices.

Further shareholder submissions: share linkage and current controls

DPI advised that it has not received any submissions or new ideas on share linkage or reforming current management controls via the standard submission template available on the DPI website.

SARC feedback

DPI led discussion on feedback from the SARC¹ relevant to the Ocean Trawl Fishery, including:

- The reform timeline.
- Diversification.
- Staged approach to implementation of share linkages.
- New classes of shares for some fisheries.
- Use of recent participation in the development of share linkages.
- Approaches to allocation for any new class of share.
- Facilitating share trading.
- Deferring the commencement of ITCALS.

(a) The reform timeline

The working group noted advice that the process has slipped (by around six months) and that a revised schedule is being developed and will be circulated to industry as soon as possible.

(b) Staged approach

The working group agreed to explore a staged approach to share linkage and noted that such an approach would need to be justified.

Note: all of the share linkage approaches suggested for consultation with shareholders involve a staged approach – more on this below.

¹ Refer to the Reform Homepage on the DPI website for a full record of the feedback received from the SARC.

(c) Use of recent participation

The working group noted that the use of recent participation – including for the purpose of allocating new species shares under a catch quota scheme – remains an option for the working groups to explore. The working group discussed the cost and complexity taking account of recent participation and noted that shareholders who have recently invested may not yet have a record of participation.

(d) Other novel allocation approaches

The working group noted three additional and novel allocation approaches identified by DPI – which are relevant to proposals that involve catch quotas only:

- A once-off opportunity for shareholders to surrender one or more of their shares in return for species specific shares – for the species to be quota managed. Under this approach, surrendering shares acts to compensate other shareholders for loss of access to the species concerned.
- Monetary tenders for an allocation of new species shares, with the proceeds used to compensate other shareholders for loss of access to the species concerned.
- Monetary tenders for an allocation of new species shares, with the proceeds used to offset the cost of managing the new quota scheme.

Given industry members' general reluctance to support catch quotas, there was no constructive discussion on these concepts.

(e) Deferring commencement of the ITCALs

The working group agreed to explore deferring the commencement of ITCALs (which relate to catch and effort quotas only) and identified a range of pros, cons and issues:

- Consideration needs to be given to the exit grant funding being available for a short period only – most likely during late 2014.
- It was noted that DPI and the SARC do not support extended (e.g. 10 year) implementation timeframes.
- The working group acknowledged that deferring the commencement of an ITCAL would need to be justified and identified the following reasons why deferring an ITCAL may be desirable:
 - Deferring an ITCAL may help the transition to a stronger form of linkage – rather than defaulting to a weaker form of linkage such as minimum shareholdings.
 - Providing additional time to invest in shares will ease the initial financial burden on shareholders and may help minimise the risk of short-term declines in production as the fishery transitions to a new management regime.

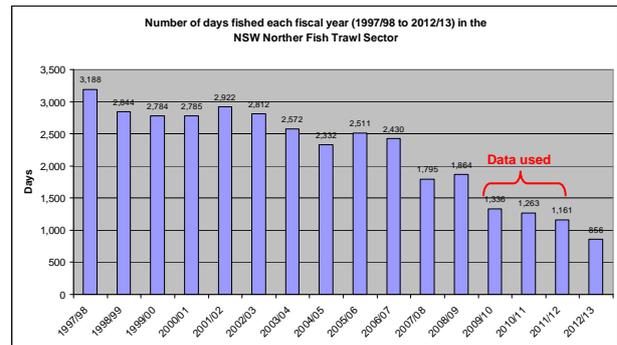
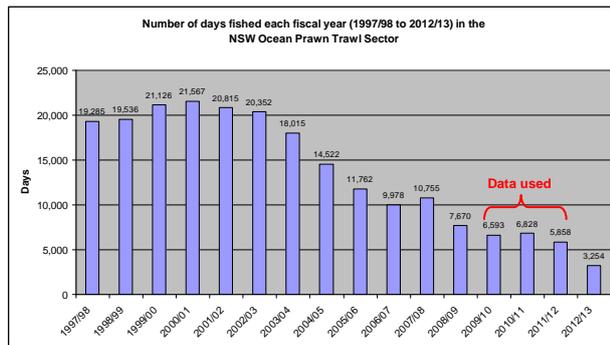
Note: the share linkage approaches suggested for consultation with shareholders involve the deferred commencement of ITCALs – more on this below.

Review of methodology and data for setting the ITCALs

DPI briefed the working group on the standard methodology and data used to calculate the ITCALs for the catch and effort quota schemes set out in the share linkage options paper – i.e. the boat length day option and the eastern school whiting quota option.

Note: the methodology and data is available on the Ocean Trawl Share Linkage Working Group Homepage on the DPI website in the presentation titled “Agenda Item 7 – Setting the ITCALs – presentation”.

The working group immediately noted that the data used (2009/10 to 2011/12) to set the boat length day ITCAL was not representative of longer term effort levels – see graphs below – and that this is part of the reason for the low quotas in the meeting background papers



The working group noted that the data used (2009/10 to 2011/12) to apportion the industry-wide eastern school whiting ITCAL between sectors was also not representative of long term trends – mainly because of the increased catches of eastern school whiting in the fish trawl sector in recent years.

(a) Alternate methodology considered for setting ITCALs

The working group considered alternate ways to set the boat length day ITCAL – along with modelling prepared by DPI in the lead-up to the meeting. The alternate approaches/modelling involved:

- Data over 10 and 15 year periods (instead of a 3 year period); and,
- Annual averages, maximums, medians, 80th percentiles and 90th percentiles.

The modelling demonstrated the significant impact an ITCAL can have on the quota allocated to shareholders – in some cases two to three times greater than set out in the meeting background papers. The modelling did, however, also show that some of the approaches result in ITCALs so high they:

- Would not drive any adjustment (e.g. the 10 year 90th percentile applied to OPT);
- May conflict with the concept of using “recent catch and effort levels”; and
- May be difficult to justify.

With respect to transitioning to any new catch or effort quota the working group adopted the position that there needs to be sufficient flexibility such that the methodology for setting the ITCAL suits the form of linkage being considered and does not result in initial quota allocations that unduly impact high catch/effort operators.

(b) Additional issues discussed

Additional issues discussed/raised include:

- Stout whiting should be included in any ‘whiting’ catch quota – i.e. a ‘basket quota’ that includes both eastern school and stout whiting.
- Unless there is a sustainability issue, a species based ITCAL should be based on the longest possible timeframe and set at the highest possible level.
- Where the data allows, longer time periods should also be used to apportion species based ITCALs between relevant sectors.
- Justification for using longer time periods – whether for setting industry wide species ITCALs or apportioning them between sectors – includes:
 - To account for seasonal variability in fish/species abundance;
 - To account for changes in fisher behaviour as a result of changing markets (including the Australian dollar and export markets);
 - To account for extended periods of adverse weather that may have hampered production etc;
 - To account for the relatively low effort levels (and catches) in the Ocean Trawl Fishery caused by externally driven economic issues including the high cost of fuel, the high Australian dollar and low levels of export and increased competition in the domestic market.
 - Recognition that the reform process is not about reducing industry production.
- It was noted that any ITCALs adopted will one day be replaced by Total Allowable Catches (TACs) or Total Allowable Effort (TAEs) determined in accordance with the Fisheries Management Act and based on stock sustainability, social and economic considerations.

- Industry members on the working group were pleased to see that DPI is willing to be flexible with respect to the methodology for setting the ITCALs.

Action 1: DPI to consider (and discuss with the SARC) the issues raised and alternate approaches suggested by the working group for setting catch and effort ITCALs.

Review of the share linkage options paper

The working group worked through the share linkage options paper prepared by DPI prior to the meeting – which is available on the Ocean Trawl Share Linkage Working Group Homepage on the DPI website.

(a) General issues

The “Major issues facing the Ocean Trawl Fishery” set out on page 3 and 4 of the share linkage options paper were agreed, with industry members emphasising their concern with the public’s lack of understanding and adverse perceptions of the fishery.

It was noted that if shares are surrendered (e.g. during the exit grant process) or forfeited (e.g. because of offences etc):

- Remaining shareholders would automatically receive a larger portion of any ITCALs in place; and,
- In the case of a minimum shareholding scheme, the minimum shareholdings would not need to be set so high.

The linkage options set out in the meeting background papers can be implemented at the share class or sector level. In other words, the prawn trawl sector could feasibly pursue a different linkage approach to the fish trawl sector, subject to costs etc.

Concerning for one member is that fishers with multiple classes of shares would likely receive multiple packages of quota (and more quota in total) than fishers with shares in one sector only – despite not necessarily working as many days or taking as much fish. Discussion identified that: (a) fishers with multiple share classes also pay higher management charges; (b) in many cases fishers with multiple share classes either invested in those shares or, prior to 2007, paid higher prices for businesses with “...good catch history”; and (c) early modelling indicates that if minimum shareholdings are pursued fishers with multiple share classes would be required to make significant overall investment if they are to remain diversified.

(b) Option 1: Minimum shareholdings

For the inshore, offshore and northern fish trawl sectors the working group preferred the less conservative adjustment targets (i.e. the targets based on 97 to 99% GVP) for the following reasons:

- Some shareholders will choose to hold more shares than they require, potentially resulting in fewer endorsements than the preferred adjustment target.
- The multi-endorsed nature of some businesses means there will always be some shareholders who are not operational in one sector or another. Note: this was already taken into account by the methodology use to calculate the adjustment targets.
- Some businesses, particularly those in the prawn trawl sector, are multi-endorsed and would need to make significant overall investment if the more conservative adjustment targets are pursued.

For the deepwater prawn trawl sector the working group agreed to set aside the adjustment targets set out in the background paper and adopt alternate targets. This was agreed on the basis that activity levels have been suppressed because of marketing reasons and do not reflect what would be economically and sustainably acceptable.

Action 2: Industry members to provide consolidated advice to DPI on an appropriate adjustment target for the deepwater prawn trawl sector, as soon as practicable.

With respect to the period during which the minimum shareholdings must be satisfied, discussion centred on a staged approach with two (or potentially three) separate increases. There was discussion but no resolution on the exact timing or level of each increase – noting the latter is dependent on the adjustment targets adopted and the issues discussed below:

- A two or potentially three stage approach would ease the initial financial burden on shareholders, particularly those with shares in multiple sectors of the industry.
- The largest increase occurring around the time of the exit grant program – to capitalise on the financial assistance available.
- Some spoke in favour of the initial minimum shareholding being at least 65 shares to force all shareholders to contemplate their future in the fishery – rather than speculate on future share values and continue working in the meantime.
- One member suggested a review after each increase to check the adjustment achieved and determine the extent of the next increase – as per the 10 year minimum shareholding scheme developed by the former Ocean Trawl MAC. Subsequent discussion identified that this may perpetuate current uncertainty and does not cater for those seeking to acquire a complete complement of shares around the time of the exit grant program when the price for shares is forecast to be low.
- The adjustment targets still being met if the minimum shareholdings are reduced slightly using the following formulae: $\text{minimum shareholding} = (\text{total \# shares} / (\text{adjustment target} + 1)) + 1$. It was noted that this approach would address some of the issues above (e.g. shareholders deciding to hold extra shares).
- In the northern fish trawl sector there are significantly fewer shares overall (@ 2,000) which may make it hard for shareholders to acquire shares.

Towards the end of the meeting one industry member provided an example that involved a staged approach and delayed implementation. It involved increasing minimum shareholdings to 70 shares within 3 months (around the time of the exit grant program) followed by 100 shares within 2 years and 120 shares within a further 2 years. Subsequent discussion did, however, highlight that at the time of the second and third increase shares would likely cost more and financial assistance (i.e. via the exit grant program) would no longer be available.

Also towards the end of the meeting DPI tabled a new concept (based on earlier discussions) that involves taking account the capacity of shareholders' boats – such that shareholders with larger boats would be subject to a higher minimum shareholding than shareholders with smaller boats.

(c) Option 2: Effort quota (boat length day regime)

The working group considered the following fundamentally different effort quota approaches and resolved to pursue the third – which takes into account shareholdings *and* boat capacity and operates along the lines of the 'day regime' applying to the QLD East Coast Trawl Fishery:

- Allocating days proportional to shareholdings and allowing shareholders to acquire and use any size boat (REJECTED BY THE WORKING GROUP);
- Allocating days proportional to shareholdings and maintaining separate rules that govern the transfer, upgrading and use of boats (REJECTED BY THE WORKING GROUP); or,
- Allocating a new class of shares that takes into account current shareholdings and a factor that represents the capacity of boats owned/used by shareholders (PREFERRED BY THE WORKING GROUP).

The working group also considered the following fundamentally different approaches for the prawn trawl sector, but resolved to set them aside and pursue a boat capacity day regime that spans the inshore and offshore sectors only and for the deepwater sector a staged minimum shareholding scheme.

- A single boat capacity day regime that spans all three sectors of the prawn trawl fishery (REJECTED BY THE WORKING GROUP);
- Three separate boat capacity day regime – one for each sector (REJECTED BY THE WORKING GROUP).

The working group also discussed (on the first and second days) whether boat length or hull units should be used and resolved that hull units is preferred because it's a stronger indicator of the capacity [or catching capacity] of a boat. The working group acknowledged that not all boats used in the Ocean Trawl Fishery have been unitised and that unitising additional boats will increase the amount of work and time required to implement the scheme.

The working group noted DPI's difficulty linking a boat/boat licence to each fishing business for the purpose of modelling the 'effort unit shares' that each business would be eligible for and provided the following advice:

- Shareholders with multiple trawl businesses and multiple boat licences (suitable for a trawler) should be given an opportunity to advise the boat licence associated with or used in connection with each business owned.
- In the case of a person who owns multiple trawl businesses but only one boat licence (suitable for a trawler) the working group agreed that if at the time of allocating the new 'effort unit shares' the person still owns multiple businesses and only one boat licence, the licence should be recognised as being used in connection with both businesses. The working group noted that this would not result in the person being allocated any more or less 'effort unit shares' than if the shareholder consolidated the shares into one business.
- In the case of a person who owns a trawl business but does not have a boat licensed in the same name (making it difficult for DPI to identify their boat if they do in fact own one), the working group agreed that the person should be given an opportunity to advise the boat used in connection with the business – even if licensed to some other entity;

The working group could not identify any solutions to deal with shareholders who do not own a boat licence at all or who do not own a boat licence suitable for a trawler.

With respect to defining the 'fishing period' (i.e. the period during which a quota of days may be used) the working group provided the following advice:

- For the fish trawl sector (whether an effort or catch quota) there would be benefit commencing a fishing period at the same time as the Commonwealth fishing periods and for it to extend for 12 months as per the Commonwealth's. Extended fishing periods (e.g. 2 years) were not supported.
- For the prawn trawl sector members advised that effort is typically greater leading into summer and that aligning the fishing period with the fiscal year (i.e. 1 July to 30 June) would be appropriate.

With respect to defining a 'day' it was agreed there is little consistency in the way fishers operate – some work during the day and others at night – and that the approach advocated by DPI to define a day as a 24 hour period from the time of departure from port seemed to be the most sensible approach. Discussion then turned to the following more general issues and potential solutions.

General issues:

1. It was acknowledged that some fishers will change their behaviour (i.e. the time they go fishing and how many hours they spend fishing) to maximise the use of their days.
2. It was suggested that a day regime will force unsafe work practices. Subsequent discussion dismissed this on the basis that unsafe work practices may occur in any event and that it is the responsibility of the master of a boat to ensuring a safe working environment and safe work practices.
3. It was acknowledged that some fishers spend significantly more time steaming to fishing grounds than others, such as the Sydney fleet which steams for around an hour to get out of the harbour.
4. Also concerning is the prospect of fishers losing or forfeiting days as a result of turning back to port because of unfavourable tide or weather or issues with boats and gear etc.

Potential solutions:

- The group discussed 'hours trawling' as an alternative to 24 hour blocks – to address all four issues above – but resolved that it could not be enforced without winch monitors and cameras etc. and that the NSW trawl fishery cannot afford that type of technology at this stage.
- With regard to issue 4 above, the group discussed the QLD approach – which involves fishers applying to QLD DPI to get one or more days back – and agreed that although feasible it would add complexity and cost.
- The most cost effective approach identified – to address all four issues above – involves issuing all shareholders additional days (e.g. steaming/misadventure days). It was resolved that if additional days are issued they should be issued proportional to shareholdings rather than, for example, a standard or flat rate of 10 days per business. It was noted that issuing additional days and allocating them proportionally would require (or is analogous to) setting a higher ITCAL.

With respect to compliance/enforcement, there was general consensus that the Integrated Voice Response System developed by DPI (or the smartphone app currently in production) would be the most cost effective way to monitor days at sea.

With respect to transferring quota – relevant to both effort and catch quotas – a consolidated position was again not reached. Some members continue to fear the risk of ‘quota barons’ whereas other consider it an important part of any quota system. No new pros or cons, over and above those identified at the first meeting or already set out in the background papers, were identified.

The working group noted advice that if a new class of ‘effort unit shares’ is issued in the northern fish trawl sector the current ‘access shares’ would become redundant and could be cancelled – subject to any legal limitations. With respect to the prawn trawl sector, the working group was strong in its view that those shares must not be cancelled because of the privileged access they deliver shareholders to one or more sectors of the fishery.

(d) Option 3: Catch quotas – using eastern school whiting as an example

Constructive discussion was stifled because some members vehemently oppose catch quotas, citing on a number of occasions the concept being fundamentally flawed because of the risk of discarding and ‘quota barons’ – as noted/documentated at the first meeting. One member did, however, recognise that catch quotas would be an asset that could be valuable upon retirement.

DPI reminded members of the issues raised in recent years, as follows, and how catch quotas could help them achieve their goal with the support of other stakeholders including the recreational sector, AFMA and SETFIA:

- Ongoing competition for access to school whiting (and flathead) and the general unrest it creates.
- The discarding of flathead and gemfish due to the trip limits.
- The discarding of flathead taken in prawn nets south of Smoky Cape.
- The discarding of silver trevally as a result of the size limit introduced to curb growth overfishing.

Individuals’ opinions aside, one issue clear to the working group was that if catch quotas were to be pursued for species such as school whiting – where the bulk of the catch is taken by a relatively small number of shareholders – the quota cannot be allocated based on current shareholdings without seriously disrupting some fishers’ livelihoods/catch/income. Instead, novel allocation approaches would need to be pursued such as:

- A once-off opportunity for shareholders to surrender one or more of their current shares in return for an allocation of new species shares – relevant to the species to be quota managed. The surrender of current shares would be a form of compensation for other shareholders who lose access to the species concerned.
- Monetary tenders for the allocation of new species shares with the proceeds used to compensate other shareholders who lose access to the species concerned.
- Monetary tenders for the allocation of new species shares with the proceeds used to offset the cost of managing the new quota scheme.
- A mix of recent participation/catches and current shareholdings – to minimise the risk of litigation for unduly disrupting the relative value of fishers’ property rights (i.e. shares).

One of the few issues that were resolved – during earlier discussion on ITCALs – is that if whiting was to be quota managed stout whiting should be included.

(e) Option 4: Linking fish trawl shares to the taking of fish in the prawn sector

Fish trawl representatives spoke in favour of the proposal to link fish trawl shares to the taking of fish in the prawn trawl sector, whereas representatives of the prawn trawl sector opposed it. DPI raised a number of issues, strictly from a management perspective. The issues raised and views are summarised in the following table of pros, cons and additional issues.

Pros	Cons	Additional issues
Locks up the latent effort (i.e. surplus shares) in the fish trawl sector.	Requires prawn trawl shareholders to invest in additional shares – over	The proposal would not create a stronger access [or property] right that cannot be extinguished by Government, as sought by the proponents. As clarified by

Pros	Cons	Additional issues
	and above any investment required as a result of linking prawn trawl shares to resource access.	DPI: <ul style="list-style-type: none"> Introducing a requirement for prawn trawl operators to hold fish trawl shares would require a regulation amendment – which could be amended by Government without triggering the compensation provisions in the Act. The compensation provisions in the Act are only triggered if the entire Ocean Trawl Fishery is removed from Schedule 1 of the Act and all shares in the fishery are cancelled.
Relieves fish trawl shareholders the need to invest in additional fish trawl shares.	Prawn trawl operators would incur further fees – as a result of the requirement to hold an additional class of shares.	The proposal would not provide for improved management of the taking of fish, as purported by the proponents. As clarified by DPI: <ul style="list-style-type: none"> The proposal is no more effective than a minimum shareholding scheme. The requirement for prawn trawl operators to hold fish trawl shares would not enable DPI to: (a) adequately manage total effort levels; (b) manage catches of particular species; (c) adequately address current competition for access to particular species, such as school whiting and flathead etc – fishers would still compete directly with each other for their share.
Re-dresses concerns relating to the allocation of fish trawl shares in 2007.	A new class of shares may be needed given that northern fish trawl shares authorise the use of a <u>fish trawl net</u> to take fish, whereas the proposal relates to taking fish in <u>prawn trawl nets</u> .	That part of the proposal that involves applying trip limits to fishers who do not hold northern fish trawl shares is in direct conflict with recent industry requests to remove existing trip limits – to reduce discarding and for viability reasons etc.).

Refining current management arrangements

The working group noted and agreed to DPI pursuing the following reforms for the purpose of the shareholder consultation phase. The working group noted that the extent to which some of the current rules can be reformed will be dependent on the form of linkage pursued.

- Removal of all maximum shareholdings.
- Removal of the foreign ownership restrictions.
- Removal of the requirement to register 'eligible fishers' (i.e. part of the current nomination process).
- Removal of the 48 hour limit on nominations.
- Removal of fishing businesses as an effort control (i.e. once the linkages are in place/satisfied).
- Relaxation of the share transfer rules – subject to the form and timing of the linkage pursued.

Note: For further information on these proposals refer to the share linkage options paper on the DPI website.

Specific comments, observations and or outcomes were also noted in respect of the following:

- The working group noted limited research on the direct effects of 'rubber discs' (aka. rollers) attached to fish trawl ground gear, but continue to support relaxation of the rules such that all fishers in the fish trawl sector may use discs up to 6 inches in diameter to minimise damage to fishing grounds and gear and so that dual NSW/Commonwealth licence holders do not need to own and maintain multiple sets of gear etc.
- Industry members clarified interest in amending the regulation to provide for ground chain up to 13mm on prawn trawl nets (instead of the current 12mm) given the chain currently available on the market and to reduce the risk of enforcement action if slightly over 12mm.
- It was agreed that the ongoing issue of diamond- versus square-mesh codends be formally resolved by providing for the voluntary use of either – and suggested that DPI pursue extension work to increase voluntary adoption of square-mesh codends if it so chooses.

- The issue of lengthening sweeps in the deepwater prawn trawl fishery was not discussed in detail, nor was interest expressed in pursuing it. If this is to be pursued detailed advice/justification is required.
- The working group noted the origin and precautionary nature of the closure to all forms of trawling outside 1,100m (and concern over gulper sharks) and that an assessment of risk would be required before access, conditionally or otherwise, can be considered and agreed to exclude this issue from the current reform process.
- Industry members support removal of the Forster and Port Stephens juvenile king prawn closures on the basis they do not deliver their stated purpose – to protect juvenile king prawns. Members noted that the majority of the waters would remain closed to trawling because of the PSGL Marine Park and advised that the closures were initiated by industry to “...help the fishery look good...”.
- Industry members support pursuing the proposal to retain two lobsters (any species) per boat per day for personal consumption and noted advice that a novel approach to the legislative changes may be necessary given the Act recognises fish taken from commercial fishing boats to be fish taken for sale.
- The working group supported removal of the requirement for boats in the Ocean Trawl Fishery to be licensed – subject to the form of linkage pursued. The working group also provided the following specific advice or views on the conditions, restrictions, notations and exemption codes etc. currently associated with boat licences.
 - There was no objection to the removal of OG1 notations on the basis they serve no purpose in the Ocean Trawl Fishery.
 - There was no objection to the removal of the engine power restrictions applying to boats authorised for use in the offshore prawn trawl sector.
 - There was no objection to the removal of the hull unit restrictions applying to boats authorised for use in the offshore prawn trawl sector, noting the working group’s earlier advice that hull units should be incorporated into the boat capacity day linkage option.
 - There was no objection to the removal of the licence specific boat length restrictions, noting (a) the working group’s earlier advice that hull units be incorporated into the boat capacity day linkage option and (b) the issue immediately below re. boats over 20m.
 - It was agreed that the fishery wide 20m boat length rules remain (regardless of the form of linkage pursued) and that fishers with licences with an “OT exemption code” – which authorises the use of a boat over 20m in length – be allowed to retain that privileged access subject to replacement boats not exceeding the “maximum boat length” set out in those licences.
 - It was agreed to rationalise the three different sets of net length rules that apply to the prawn trawl sector – by replacing them with a standard maximum net length of 60m, consistent with current arrangements applying to the fish trawl sector and non-unitised boats used in the deepwater prawn trawl sector.
 - It was agreed that, subject to rationalising all rules relating to the offshore prawn trawl sector (as covered above), the requirement to use only unitised boats/licences in the offshore prawn trawl fishery be removed.
- The working group noted recent industry discussions (including with the South East Trawl Fishing Industry Association) on removing/modifying some of the trip limits and advice from DPI that, in general terms, it will be difficult to justify the following reforms unless effective linkage options or alternate strategies are supported by industry to deal with current (and potentially future) resource sharing/overfishing issues:
 - Removing/modifying the trip limits for flathead, gemfish (recruitment overfished) and some others.
 - Removing/modifying the size limit applying to silver trevally (growth overfished).
 - Removing/modifying the restriction on taking flathead in prawn trawl nets south of Smoky Cape.

Industry members were reluctant to concede that linkages such as catch quotas would adequately deal with the resource sharing/sustainability issues evident and had no other thoughts on how to progress these proposals.

Action 3: Industry members to:

- Provide detailed advice (and justification) to DPI as soon as practicable on lengthening sweeps in the deepwater prawn trawl fishery, if the proposal is to be pursued as part of the reform process.

- Give due consideration to the share linkage options, including catch quotas, as a means of addressing the risks associated with relaxing or removing trip limits, the trevally size limit and the restriction on taking flathead in prawn trawl nets south of Smoky Cape and provide advice to DPI as soon as possible, if the proposals are to be pursued as part of the reform process.

Consultation with shareholders – reforms to release

The working group recommended that DPI prepare three discrete packages for consideration by shareholders.

(a) Package 1: Minimum shareholdings only

A minimum shareholding reform package that includes:

- All regulatory reform proposals supported by the working group (as above) deemed by DPI to be appropriate for inclusion.
- A two (or potentially three) stage minimum shareholding program.

(b) Package 2: Hybrid hull unit days + minimum shareholdings

A hybrid reform package that includes:

- All regulatory reform proposals supported by the working group (as above) deemed by DPI to be appropriate for inclusion.
- A small to modest increase in minimum shareholdings around the time of the exit grant program before transitioning to the delayed implementation of:
 - Two separate hull unit day regimes – one for the fish trawl sector and one that spans the inshore and offshore sectors of the prawn trawl fishery – similar to the ‘day regime’ that applies to the QLD East Coast Trawl Fishery; and,
 - A longer term [staged] minimum shareholding program for the deepwater prawn trawl sector.

(c) Package 3: Hybrid quota + minimum shareholdings

A hybrid reform package that includes:

- All regulatory reform proposals supported by the working group (as above) deemed by DPI to be appropriate for inclusion in the reform package.
- A small to modest increase in minimum shareholdings around the time of the exit grant program before transitioning to the delayed implementation of:
 - Individually Transferable Catch Quotas for designated species – similar to the quota scheme applying to the Commonwealth’s Southern and Eastern Scalefish and Shark Fishery; and,
 - A longer term minimum shareholding program for the deepwater prawn trawl sector.

Action 4: DPI to prepare a draft consultation paper – having regard to the discussions of the working group – for consideration by the working group and the SARC.

Consultation with other stakeholder groups

DPI advised that due to interest from other sectors and the community owned nature of the fisheries resources of NSW it is DPI’s intention to invite submissions from other stakeholder groups on the reforms proposed.

Reforms being considered by other working groups

DPI advised that there were no share linkage options being pursued by other groups at this stage that could be expected to impact or be of importance to the Ocean Trawl Fishery or the deliberations of the working group.

Next meeting

DPI advised its preference to refer draft consultation papers to working group members out-of-session and to hold further meetings only if necessary. The group agreed to proceed along these lines.

More information

Darren Hale, Senior Fisheries Manager (02) 6645 0503 or go to

<http://www.dpi.nsw.gov.au/fisheries/commercial/consultation/commercial-fisheries-working-groups/ocean-trawl-share-linkage-working-group>

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