

**STRUCTURAL  
ADJUSTMENT REVIEW  
COMMITTEE**

**Industry consultation on draft  
recommendations**

***Ocean Haul - Netting***

**Facilitator: Catherine Cooper**

# Welcome

- Introductions
- Emergency procedures
- Details on how to claim for sitting fees, travel costs etc. will be provided at the end of the meeting
- Copies of documentation available

# Roles of Participants

- **Industry members** (expertise based) are invited to provide comment on the Draft Recommendations.
- **SARC members** will provide a presentation on the Draft Recommendations sent to shareholders and wish to get industry views on improvements and refinements to the recommendations
- **Fisheries manager** - available for specific management details or to help clarify previous working group deliberations.
- **Support staff** –
  - Annette will record key issues
  - Chad will listen in to ensure an understanding of industry perspectives

# Order of Proceedings

- Background to the Reform/Business Adjustment Program and Draft Recommendations
- 3 Sessions:
  - Ocean Haul – General Purpose Net
  - Ocean Haul – General Crew
  - Ocean Haul – Pilchard, Anchovy and Bait
- At the end of each discussion I will seek feedback on Draft Recommendations and generate a summary of key messages. Please hold your comments until the end of the presentation
- Brief presentation of Exit Grant Program – noting that this is not the focus of today's meeting

# Working Group Guidelines

- Please maintain a respectful and professional environment
- Comply with the direction of the facilitator
- Please indicate to the facilitator when you wish to make a comment
- No electronic recording permitted (to ensure full and frank discussions)

# **Fisheries reform/business adjustment package OVERVIEW**

Ian Cartwright  
SARC Chair



# History

- Reform not something new: three reviews 2005-2012 all suggested structural adjustment and some investment in shares has occurred
- Steven's review the last – accepted by Government
- Govt. clearly stated in a media release in November 2012 that the following would happen:
  - share linkages
  - management costs based on access
  - exit grant to assist restructure (\$16 million)
  - review of input controls.

# Objectives of the Reform

- Improve the long term viability of the NSW commercial fishing industry
- Improve the strength and value of shareholders' access rights (i.e. shares)
- Provide shareholders with improved opportunities and flexibility to tailor their access (and associated management charges)
- Improve management and the public's perception of the NSW commercial fishing industry.



# SARC's key roles

- Provide advice on share linkages and other issues relating to the reform
- Provide oversight of the reform programme

In short, the SARC is providing advice to the NSW Government in the implementation of fisheries policy

# Consultation

- Working groups helped develop options
- Options circulated for consultation
- Large number of submissions, many of which simply rejected the government decisions concerning reform and questioned the need for change
- Strong message: too far too fast
- Clear significant misunderstandings present
- Following submissions, SARC requested more time and two studies
  - Economic analysis of the NSW Reform Package
  - Review of proposed exit grant

# Linkages - what did SARC consider

- The initial allocation of shares
- findings of the independent economic study
- Suggestions made on linkage options in the public submissions
- The level of 'distortion'
- Estimates of economic impact on FBs and at the share class level
- Use of the exit grant to mitigate impacts for both buyers and sellers of shares and to target share classes where the economic impact is greatest
- Sustainability concerns for some species
- Risks of undesirable share consolidation
- Relative management costs of linkage options
- Cost-effectiveness of linkage

# Next Steps

- SARC will consider feedback from WGs, other meetings and submissions
- Refine recommendations where appropriate
- Linkage recommendations to Minister by end September
- Linkage announced
- Finalisation of details of exit grant process
- Run exit grant process

# DRAFT RECOMMENDATIONS

## OCEAN HAUL WORKING GROUP

1. General Purpose Net
2. Discussion
3. General Crew
4. Discussion
5. Pilchard Anchovy and Bait
6. Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Hauling - General Purpose Net



# Key share class issues considered

- 15 Fishing Businesses (FBs) account for 80% of the value of the catch
- 43 (of 108) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers and the status of stocks
- The lack of crew availability and crewing flexibility in some regions

# Draft Recommendations

## July 2016

- Enforcement of the current minimum shareholdings (40 shares)
- Remove requirement to licence boats <6m and to register nets

## July 2018

- Increase minimum shareholdings in each region

Region	New minimum shareholding	Maximum number of endorsements
1	85	3
2	50	7
3	122	13
4	56	35
5	76	2
6	54	8
7	162	11

- Allow use of unendorsed crew
  - 1/first 80 shares and 1 more/additional 40 shares

# Outcomes

- Removes some excess capacity and reduces the potential risk of activation of that capacity
- Provides a basis for an improvement in asset value in the longer term
- Provides more flexible crewing arrangements
- Reduces administrative burden and cost by relaxing licensing/net registration
- Contributes to stronger social licence

# Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Hauling - General (Crew)

# Key share class issues considered

- The benefits and costs to this share class of changing the current management arrangements given the proposed relaxation of crewing requirements in the General Purpose Hauling Net and Garfish Hauling net share classes



# Draft Recommendations

- No changes to share linkage recommended
- Existing endorsed crew can continue to participate as previously

# Discussion

# **DRAFT RECOMMENDATIONS**

Ocean Hauling - Pilchard, Anchovy and Bait

# Key share class issues considered

- 2 Fishing Businesses (FBs) account for 80% of the value of recorded catch
- 15 (of 25) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers

# Draft Recommendations

July 2016

- Enforce minimum shareholdings by region
  - These reflect existing minimum shareholdings (Regions 1, 3 and 5) or have been revised to maintain the number of active fishers in the region (Regions 2, 4 and 6)

Region	New minimum shareholding	Maximum number of endorsements
1	30	7
2	10	3
3	30	5
4	20	4
5	30	3
6	25	2
7	N/A	0

- Remove requirement to licence boats <20m and to register nets

# Outcomes

- Removes some excess capacity and reduces the potential risk of activation of that capacity
- Provides a basis for improvement in asset value in the longer term
- Reduces administrative burden and cost by relaxing licensing/net registration



# Discussion

# Recommendations on exit grant

Feature	Revised Proposal
Who?	Sellers and buyers
Direct subsidy	Targeted to the share classes where linkage likely to have the greatest impact
How?	Centralised, computerised, anonymous exchange
Price information	Multiple rounds to allow for price discovery and an opportunity to revise bids if they wish
Fishing Businesses	Fixed price to be determined for empty fishing businesses
Time needed to trade shares	Immediately following completion of the <u>final</u> bidding round
Flexibility	Any shareholder can make a combinations of bids, multiple bids and both buy and sell bids

# **Administrative Matters**

# Close

- Closing remarks - SARC Chair
  - NB Submissions invited
  - [sarc.feedback@dpi.nsw.gov.au](mailto:sarc.feedback@dpi.nsw.gov.au)
- Close of session - Facilitator