

**STRUCTURAL
ADJUSTMENT REVIEW
COMMITTEE**

**Industry consultation on draft
recommendations**

***Ocean Hauling - Garfish
Hauling Net***

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
- Ocean Hauling - Garfish Hauling Net
- At the end of the 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 HAULING - GARFISH HAULING NET WORKING GROUP

1. Draft Recommendations
2. Discussion

DRAFT RECOMMENDATIONS

Ocean Hauling Garfish

Key share class issues considered

- 7 Fishing Businesses (FBs) account for 80% of the value of the recorded catch
- 21 (of 45) endorsed FBs have not reported any fishing
- The risk of activation of excess capacity threatening the viability of regular fishers and the status of the stock
- Garfish has been classified as overfished until recently

Draft Recommendations

July 2016

- Enforcement of the current minimum shareholdings (10 in Region 1 and 40 in Regions 3-7)
 - garfish hauling net shares will be retained in the long term to manage competition between fishers
- Issue new species shares for eastern sea garfish in proportion to garfish hauling net shares held
 - Allocation will be based on an interim, fishery-wide interim commercial access level (ITCAL) of 31,600 kg
 - Garfish species shares will be statewide shares – quota can be fished in any region that the fisher has access to.
- Species shares freely tradable state-wide
- Remove requirement to licence boats <20m and to register nets
- Allow for use of unendorsed crew
- Remove requirement for a minimum of 2 endorsement holders to operate the net

Draft Recommendations

July 2018

- Catch quota for eastern sea garfish takes effect
- Quota transfer (leasing) permitted (Note: incorrectly stated as “not permitted” in recommendations circulated)

As soon as possible, but by July 2020 at the latest

- ITCAL replaced with total allowable catch (TAC)

ITCALS to TAC

- The ITCAL of 31,600 kg for OH-Garfish represents the share class's proportion of the state-wide catch over the 5-year period 2007/08 to 2011/12
- Recommendations on the TAC will be made by the TAC Committee as soon as possible and by July 2020 at the latest
- TAC will be based on the best available science/data

Outcomes

- Enforcing minimum shareholdings will reduce a small proportion of the excess capacity
- Catch quotas:
 - are the strongest form of access right
 - provide shareholders with access to a secure share of the stock
 - encourage economic efficiency
 - provide a direct control on catch through the TAC to address any resource sharing or sustainability concerns
- Improves operational flexibility
- Reduces administrative burden and cost by relaxing licensing/net registration

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
- Close of session - Facilitator