



PUBLIC CONSULTATION PAPER:

Reform options for the general netting component of the NSW Ocean Hauling Fishery



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Public consultation paper: Reform options for the general netting component of the NSW Ocean Hauling Fishery

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More information

www.dpi.nsw.gov.au/fisheries/commercial/reform

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (March 2014). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the Department of Primary Industries or the user's independent adviser.

Readers guide

This paper includes reform options for comment that are specific to the general netting component of the NSW Ocean Hauling Fishery (OHF).

Anyone with an interest in these share classes should read the options presented in this paper and, where possible, provide feedback.

The following provides an overview of the documents available:

General information paper	Provides general information about the reform program and issues applicable to all reform fisheries. A ‘must read’ for everyone to understand the background. The paper is titled “ <i>General information relating to the reform program and reform options for the NSW commercial fisheries</i> ”.
Fisheries options papers	These contain information about the options that have been shortlisted for specific fisheries or share classes. They include possible linkages, total catch/effort levels and potential changes to existing restrictions, along with the advantages and disadvantages of each option. A ‘must read’ if you hold shares in, or have an interest in, these fisheries.
This paper you are reading	
Technical paper	A separate paper has been prepared which outlines in detail how the proposed total catch/effort levels have been calculated. The paper is titled “ <i>Setting the Interim Total Commercial Access Level (ITCALs)</i> ”.
Submission forms	Submission forms are available for each of the fisheries options papers. Relevant forms will be mailed to all shareholders and will also be available on the reform webpage: www.dpi.nsw.gov.au/fisheries/commercial/reform

NOTE:

The submission form for the general netting component of the Ocean Hauling Fishery should be used by people wishing to comment on the hauling net (general purpose), pilchard, anchovy and bait net or general ocean hauling share classes of the fishery.

Have your say

A key part of the Reform Program is getting valuable feedback and ideas from industry and interested stakeholders. Constructive feedback to help work out the best overall approach will assist in shaping future management arrangements.

The complexity of the options laid out in this paper are acknowledged, as is the difficulty some fishers may have in working through the issues covered. If you require assistance in understanding the options presented or in developing a submission please contact the relevant Fisheries Manager, or the Industry Liaison Manager on the contact details provided below.

DPI staff will be visiting regional ports over the consultation period, during which time commercial fishers will have one-on-one opportunities to discuss questions and issues.

A submission form is available to provide comments. Alternatively, you may submit your comments in another form, such as a letter or summary of your views on each of the reform packages presented in this paper.

Note that submissions may suggest variations to the options presented in the fisheries options papers, provided they are within the broad scope of what the NSW Government approved and announced in November 2012¹ and are consistent with the reform program objectives described below.

However you choose to provide comment, it is important to note that subsequent decisions will be based on merit, rather than numbers for and against particular options.

The closing time for comments is 8am Monday 19th May, 2014.

Send your response to:

Mail: PO Box 4291, Coffs Harbour, NSW, 2450

Fax: (02) 6391 4726

Email: commfish.wg@dpi.nsw.gov.au

Following the closing date, a summary of the submissions will be prepared and made available on the DPI website. In arriving at decisions, the Minister will consider the issues raised in submissions, the views of key stakeholder groups, DPI's advice and final recommendations from the independent Structural Adjustment Review Committee (SARC).

For more information on the NSW Commercial Fisheries Reform Program visit www.dpi.nsw.gov.au/fisheries/commercial/reform

Or contact Commercial Fisheries Management on (02) 6691 9684.

¹ See www.dpi.nsw.gov.au/__data/assets/pdf_file/0005/448187/Govt-response-to-independent-comm-fisheries-review.pdf

Foreword

The OHF is generally divided into 7 regions along the NSW coast and targets approximately 20 finfish species using commercial hauling nets from sea beaches and in ocean waters within 3 nautical miles of the NSW coast.

Generally, the species that make up the majority of the catch are Australian sardine (*Sardinops sagax*), sea mullet (*Mugil cephalus*), Australian salmon (*Arripis trutta*), blue mackerel (*Scomber australasicus*) and yellowtail scad (*Trachurus novaezelandiae*).

The reform options presented in this paper focus on two important components of the broader reform program:

1. creating a stronger link to resource access; and
2. adjusting existing restrictions which have built up over many years and constrain efficiency.

The key objectives of the reform program are to:

- improve the long-term viability of the NSW commercial fishing industry;
- improve the strength and value of shareholders' access rights (i.e. shares); and
- provide shareholders with improved opportunities and flexibility to tailor their access.

The reform options in this paper have been developed by DPI having regard to:

- the Commercial Fisheries Reform Program as approved by the NSW Government in 2012 (after consideration of the *Independent Review of NSW Commercial Fisheries Policy, Management and Administration*);
- ideas submitted by shareholders in writing and through discussions with fisheries managers;
- views from Ocean Hauling Netting Share Linkage Working Group (NSLWG) put forward at several face-to-face meetings; and
- advice and recommendations of the Structural Adjustment Review Committee (SARC).

The outcomes of meetings of the NSLWG and the SARC throughout 2013 and early 2014 provide insight into the many options and issues considered in the lead-up to developing the reform options in this paper and are available on the NSW DPI website at:

Share linkage working group webpage:

www.dpi.nsw.gov.au/fisheries/commercial/consultation/working-groups/ocean-hauling-netting-share-linkage-working-group

SARC webpage: www.dpi.nsw.gov.au/fisheries/commercial/reform/sarc

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Acronyms

DPI	NSW Department of Primary Industries
GVP	Gross Value of Production ²
ITCAL	Interim Total Commercial Access Level
ITQ	Individually Transferable Quota
OHF	Ocean Hauling Fishery
OHG	Ocean Hauling – General Ocean Hauling
GPN	Ocean Hauling – Hauling Net (General Purpose)
NSLWG	Ocean Hauling Netting Share Linkage Working Group
PABN	Ocean Hauling – Pilchard Anchovy and Bait Net (Hauling)
SARC	Structural Adjustment Review Committee
SLWG	Share Linkage Working Group
TACC	Total Allowable Commercial Catch
TACE	Total Allowable Commercial Effort

² Limited to first point of sale only and calculated using Sydney fish market average prices

Introduction

The general netting component of the OHF includes the following share classes for each of the seven regions within NSW, each with a corresponding endorsement.

- Hauling Net (General Purpose) - GPN
- Pilchard Anchovy and Bait Net (Hauling) - PABN³
- General Ocean Hauling - OHG

This paper seeks feedback on two primary reform options for the GPN and PABN components of the ocean hauling fishery, as follows:

- **Option 1:** Managing endorsement numbers (minimum shareholdings) involving a two-stage minimum shareholding program.
- **Option 2:** Staged implementation of an effort quota 'days' regime.

Also presented for feedback are supplementary linkage options being:

- Block Licence (crew) regime.
- An Individual Transferable Quota (ITQ) regime for sea mullet.

Changing existing restrictions to improve business and operational efficiency is a key aspect of the broader reform program. In this document, the proposed changes to current restrictions for each linkage option are also presented for consideration.

The potential changes to current restrictions generally increase with the strength of the linkage option, with minimum shareholdings being the weakest form of linkage and catch quota being the strongest (see the general information paper for further information).

To assist in considering the options and providing feedback, a number of advantages and disadvantages have been identified for each option, and these are contained at the back of this paper.

It is important that the reform options are considered within the overall structure of the fishery. Those unfamiliar with the OHF, including shareholders unfamiliar with current numbers of shareholders and endorsements and the distribution of shares in each share class, are encouraged to read the 'Overview of the NSW Ocean Hauling Fishery' in Appendix 1.

³ Note there are no Ocean Hauling - Pilchard Anchovy and Bait Net (Hauling) shares for Region 7.

Option 1: Managing endorsement numbers (minimum shareholdings)

This option involves actively managing the number of endorsements in the GPN, PABN and OHG share classes of the fishery. The proposal to manage endorsement numbers involves:

1. identifying a **maximum number of endorsements** for each share class (other than for the ocean hauling general share classes), and
2. **increasing the minimum shareholding** requirements in two stages.

Managing endorsement numbers is achieved by applying minimum shareholding requirements that must be satisfied if a shareholder is to remain eligible for an endorsement to fish in the relevant sector. To streamline administration and minimise costs, DPI proposes a consistent approach to implementing this option across all fisheries where it is proposed (e.g. aligning the timing).

Maximum number of endorsements and minimum shareholding requirements

The proposed maximum number of endorsements for the GPN and PABN share classes of the OHF has been determined using the estimated Gross Value of Production (GVP) of each share class. Specifically, the proposed maximum numbers of endorsements are the numbers of endorsements that accounted for 99% of the estimated GVP of each share class over the 3 year time period 2009/10 to 2011/12.

For the OHG share classes, it is proposed that the minimum shareholding requirement to be met by 1 July 2015 would be 40 shares. It is not proposed to set the minimum shareholding level in this share class based on a target or maximum number of endorsements, as the primary effort control under this option relies on the net share proposals.

Tables 1 and 2 list the total number of GPN and PABN shares, numbers of fishing businesses holding shares as of February 2014, proposed maximum number of endorsements and corresponding minimum shareholding requirements proposed to be met by 1 July 2015 and 1 July 2016.

Table 1. Proposed GPN minimum shareholdings to be satisfied by 1 July 2015 and 1 July 2016

Region	Total no. of shares	No. of FBs holding shares	Maximum number of endorsements	Minimum shareholding 1 July 2015	Minimum shareholding 1 July 2016
1	320	6	2	80	107
2	380	12	6	49	55
3	1,680	24	8	128	187
4	1,960	47	20	72	94
5	190	7	2	54	64
6	480	13	7	52	61
7	1,830	14	6	173	262

Table 2. Proposed PABN minimum shareholdings to be satisfied by 1 July 2015 and 1 July 2016

Region	Total no. of shares	No. of FBs holding shares	Maximum number of endorsements	Minimum shareholding 1 July 2015	Minimum shareholding 1 July 2016
1	230	5	2	58	77
2	30	3	3	10	10
3	160	6	2	44	54
4	80	5	3	21	21
5	90	5	2	31	31
6	50	3	1	26	26

Option 2: Staged implementation of an effort quota (days) regime

This option involves the staged implementation of an effort quota (days) regime for the GPN and PABN share classes. The first stage involves changing the minimum shareholding requirements that would be implemented on 1 July 2015.

This initial increase for the GPN share classes aims to stimulate shareholders to make an initial decision about whether to make a small investment and remain in the fishery or transfer shares to others. Increasing the minimum shareholdings soon after the exit grant process seeks to capitalise on the lower market price for shares expected around that time.

Note that for the PABN share classes, the minimum shareholding levels would decrease in the first instance from what they are now, but note the new limit would still be above the level of shares held by the majority of shareholders in these share classes.

The second stage involves managing the total number of days that endorsement holders may fish in the relevant share classes of the fishery. Effort in these share classes would be managed by an ITQ of days allocated to fishing businesses proportional to the number of shares held. A day regime is an indirect way of managing catch. It is proposed that the second stage would be implemented on 1 July 2016.

Minimum shareholding requirement

Tables 3 and 4 list the total number of GPN and PABN shares and proposed minimum shareholding requirements to be met by 1 July 2015.

Table 3. Proposed GPN minimum shareholdings be satisfied by July 2015

Region	Total no. of shares	Minimum shareholding 1 July 2015
1	320	50
2	380	50
3	1,680	50
4	1,960	50
5	190	50
6	480	50
7	1,830	50

Table 4. Proposed PABN minimum shareholdings be satisfied by July 2015

Region	Total no. of shares	Minimum shareholding 1 July 2015
1	230	20
2	30	10
3	160	20
4	80	20
5	90	20
6	50	20

The ITCALs and the quota of 'days' available to shareholders

An Interim Total Commercial Access Level (ITCAL) is the maximum amount of effort that may be used by fishers over a fishing period – very much like a Total Allowable Commercial Catch (TACC) or the concept of Total Allowable Commercial Effort (TACE). For more information on ITCALs and future transitioning to TACCs and TACEs refer to the general information paper

titled and the technical paper “*Setting the Interim Total Commercial Access Levels (ITCALs)*” available on the DPI website.

It is proposed that the days ITCAL (i.e. the total number of days available to each of the GPN and PABN share class groups of the fishery) be taken from the year that had the maximum number of days reported being worked in each region over the 4 year period 2009/10 to 2012/13.

Tables 5 and 6 list the total number of GPN and PABN shares, the ITCAL of days for each share class and days per share.

Table 5. Proposed GPN regional allocation of days

Region	Total no. of shares	ITCAL of days	Days per share
1	320	84	0.26
2	380	40	0.11
3	1,680	189	0.11
4	1,960	303	0.15
5	190	20	0.11
6	480	92	0.19
7	1,830	204	0.11

Table 6. Proposed PABN regional allocation of days

Region	Total no. of shares	ITCAL of days	Days per share
1	230	44	0.19
2	30	15	0.5
3	160	8	0.05
4	80	25	0.31
5	90	1	0.01
6	50	1	0.02

Fishing period

An allocation of effort quota (days) is available to be fished during what is known as a fishing period. It is proposed that a 12 month fishing period commencing on 1 July each year would apply under a days regime.

Defining a ‘day’

It is proposed that a day be defined as a 24 hour period from the time the fisher makes a pre-fishing report. This aims to cater for the diverse fishing operations in the NSW commercial fishing industry.

Shorter periods (e.g. 8, 12 hours) were discussed by the working groups, however, the 24 hour period is recommended so as to not add complexity, excessive burden and cost for fishers or compliance officers in terms of reporting and enforcement.

Transferability of effort quota

It is proposed that the days allocated to the share classes of a region will be able to be transferred within and between regions.

How shareholders could use and acquire additional effort days quota

Information on the use of quota and how to acquire additional quota, along with how quota use will be monitored is provided in the general information paper "*General information relating to the reform program and reform options for the NSW commercial fisheries*".

Additional option – Block Licence (crew) regime

A block licence (crew) regime may be used in addition to the minimum shareholding or effort quota (days) regimes. With a block licence (crew) regime, fishers who held a set number of GPN or OHG shares above the minimum shareholding requirement would be entitled to be assisted by a specific number of unendorsed crew. This means that the fisher providing the assistance has to hold a commercial fishing licence but does not have to hold an endorsement.

The proposed block licence (crew) regime provides flexibility for GPN and PABN endorsement holders to form their own crews without relying on the availability of OHG endorsement holders to work as crew. Equally, it allows OHG shareholders to continue to operate as a dedicated crew endorsement holder under their own fishing business. The ability to be assisted by unendorsed fishers would arise from holding additional GPN, PABN and/or OHG shares.

Block licence (crew) alongside Option 1 (minimum shareholding regime) - GPN

Under Option 1 (minimum shareholding regime), to be eligible for an GPN endorsement a shareholder will have to meet the new minimum shareholding requirement. Holding additional shares above the minimum shareholding requirement would entitle the endorsement holder to be assisted by unendorsed fishers (i.e. crew).

It is proposed that the number of shares required to be able to be assisted by crew will be the same for all regions. Specifically, an endorsement holder must hold at least 80 shares to be able to be assisted by 1 crew person. Each additional block of 40 shares held above 80 shares would authorise the use of an additional crew person – see Table 7.

Table 7. Proposed number of unendorsed crew authorised to assist an GPN endorsement holder for various shareholdings under a minimum shareholding regime

Region	Minimum shareholding 1 July 2016	Shareholding levels and, in brackets, the number of unendorsed crew that would be permitted at that level				
1	107	107 – 119 (1)	120 – 159 (2)	160 – 199 (3)	200 – 239 (4)	
2	55	55 – 79 (0)	80 – 119 (1)	120 – 159 (2)	160 – 199 (3)	
3	187	187 – 199 (3)	200 – 239 (4)	240 – 279 (5)	280 – 319 (6)	
4	94	94 – 119 (1)	120 – 159 (2)	160 – 199 (3)	200 – 239 (4)	
5	64	64 – 79 (0)	80 – 119 (1)	120 – 159 (2)	160 – 199 (3)	
6	61	61 – 79 (0)	80 – 119 (1)	120 – 159 (2)	160 – 199 (3)	
7	262	262 – 279 (5)	280 – 319 (6)	320 – 359 (7)	360 – 399 (8)	

Block licence (crew) alongside Option 2 (Effort quota (days) regime) - GPN

Under Option 2 (effort quota (days) regime), to be eligible for an GPN endorsement a shareholder would have to hold 50 shares to be eligible for an endorsement. Holding additional shares above that minimum shareholding level would then entitle the endorsement holder to be assisted by unendorsed fishers (i.e. crew) – see Table 8.

Table 8. Proposed number of unendorsed crew authorised to assist GPN endorsement holders for various shareholdings under an effort quota (days) regime

Region	Minimum shareholding 1 July 2015	Shareholding levels and, in brackets, the number of unendorsed crew that would be permitted at that level			
All	50	50 - 79 (0)	80 – 119 (1)	120 – 159 (2)	160 – 199 (3)

Block licence (crew) alongside Option 1 or Option 2 - OHG

Under Option 1 (minimum shareholding regime) or Option 2 (effort quota (days) regime), to be eligible for an OHG endorsement a shareholder would have to meet the minimum shareholding requirement of 40 shares. If a GPN or PABN shareholder also held OHG shares above that minimum shareholding level, the OHG shares would entitle that shareholder to be assisted by unendorsed fishers (i.e. crew) – see Table 9.

Table 9. Proposed number of crew authorised to assist an GPN, PABN or OHGN endorsement holder for various OHG shareholdings under a minimum shareholding or effort quota (days) regime

Region	Minimum shareholding 1 July 2015	Shareholding levels and, in brackets, the number of unendorsed crew that would be permitted at that level			
All	40	40 - 79 (0)	80 – 119 (1)	120 – 159 (2)	160 – 199 (3)

Additional option: Catch quota (sea mullet)

A catch quota on sea mullet could be used in conjunction with a minimum shareholding or effort quota (days) regime. It involves managing the total catch of sea mullet taken by the GPN share classes of the fishery. Catch of sea mullet would be managed by a consumable ITQ of kilograms allocated to fishing businesses proportional to the number of shares held. A catch quota regime is a direct way of managing catch.

ITCAL determination

An industry-wide ITCAL has been calculated because sea mullet are reported as having been taken across multiple commercial fisheries. The industry-wide ITCAL for sea mullet has then been apportioned to each fishery. This means an OHF ITCAL has been determined (i.e. the total amount of sea mullet that may be taken by the OHF). The OHF ITCAL for sea mullet has then been allocated to the various GPN share classes (see Table 10).

It is proposed that the industry-wide ITCAL be set at the maximum annual weight reported as being landed in the 15 year period 1997/98 to 2011/12. The apportionment to each fishery has also been determined using total catch of each species from each fishery over the same 15 year period (Table 11).

Information on how the industry wide ITCALs and the proportional distributions between fisheries and share classes can be found in the "*Setting the Interim Total Commercial Access Levels (ITCALs)*" paper available on the DPI website.

Table 10. Proposed catch quota ITCALs for sea mullet

Species	Industry-wide ITCAL (kg)	OHF percentage of industry wide ITCAL	OHF ITCAL (kg)
Sea mullet	4,719,900	51	2,404,800

Sea mullet catch quota allocation

It is proposed to allocate catch quota on a regional basis. With the regional allocation, the total ITCAL (kg) is allocated to the regions on a proportional basis. For the GPN share classes, the total number of kilograms taken in each region over the 3 year period 2009/10 to 2011/12 is divided by the total number of kilograms taken by the OHF over the same 3 year period.

Table 11 lists the total number of GPN shares, the sea mullet ITCAL of kg for each share class and the kilograms per share.

Table 11. Proposed regional sea mullet catch quota allocation to GPN share classes

Region	Total no. of shares	ITCAL (kg)	Kg per share
1	320	119,300	372
2	380	78,500	206
3	1,680	750,000	446
4	1,960	1,226,300	625
5	190	13,600	71
6	480	91,200	190
7	1,830	125,800	68

If relevant GPN shares are surrendered for cancellation or forfeited because of offences or failure to pay fees prior to an ITQ scheme being implemented, the amount of quota per share would be greater than the estimates above.

Fishing period

An allocation of effort quota (days) is available to be fished during what is known as a fishing period. It is proposed that a 12 month fishing period commencing on 1 July each year would apply under a catch quota regime.

Transferability of catch quota

Given that sea mullet migrates along the entire NSW coastline and that regional catches and opportunities to fish vary from year-to-year with environmental conditions (e.g. river discharge, sea conditions, etc.), it is proposed that the catch quota allocated to the regional share classes could be transferred both within and between regions. Note that such quota transfers would only apply to the fishing period within which the transfer was made. The quota allocated for future fishing periods would be based on the shares held by each shareholder.

How shareholders could use their quota and acquire additional quota

Information on the use of quota and how to acquire additional quota, along with how quota use will be reported and monitored is provided in the general information paper "*General information relating to the reform program and reform options for the NSW commercial fisheries*".

Potential changes to current restrictions

Each of the reform options presented above is coupled with potential changes to current restrictions or controls, forming the overall reform package for consideration. Once linkages are in place, a number of controls could be modified or removed to improve operational efficiency and profitability, and to reduce red tape and associated costs.

The arrangements that currently apply to the OHF have been implemented through time to mitigate the potential environmental and social impacts of OHF operations. Further, many were implemented to offset the possible activation of the excess fishing capacity that exists now or previously existed.

Given that the structure of the OHF will change under the reform options outlined above, OHF shareholders and DPI have identified a suite of potential amendments to existing management arrangements.

Table 12 lists the potential changes to current restrictions relevant to the netting component of the OHF. Stronger linkage options (catch quota) include more controls for potential removal than weaker options (minimum shareholdings). A tick associated with a proposal indicates a higher likelihood that the proposal could be implemented. Absence of a tick indicates a lower likelihood that the proposal could be implemented with the reform option indicated.

Table 12. Proposed changes to current management arrangements under the proposed reform options

Proposed changes to current management arrangements for consideration with relevant reform options	Reform Option 1	Reform Option 2	ITQ for sea mullet
Maximum shareholdings: The current default maximum shareholding of 40% of the shares in the fishery is ineffective and proposed to be removed on the basis that there is negligible risk of a monopoly in the relatively small scale fisheries in NSW.	✓	✓	✓
Foreign ownership restrictions: Remove the restrictions on foreign ownership of shares on the basis that there is negligible risk of significant foreign ownership of the relatively small scale fisheries in NSW.	✓	✓	✓
Nomination process: 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.	✓	✓	✓
Boat licences: Remove the requirement to licence boats in the OHF, saving on future licence fees.	✓	✓	✓
Seasonal closures: Change seasonal beach closures that currently extend from 1 st October or 1 st November to the last day in February the next year. Change them to 1 st December to 31 st January the next year.	✓	✓	✓
Seasonal weekend and public holiday closures: Remove weekend and public holiday closures that apply during November, December, January and February each year (noting this is outside the normal 'travelling season').	✓	✓	✓
Net registrations: Remove the requirement to register all OHF nets.	✓	✓	n/a
Australian salmon: Remove the restriction applying to taking Australian salmon.		✓	n/a
Tailor: Remove the restriction applying to taking tailor.		✓	n/a
Conditional Target Species: Include yellowtail kingfish and tailor as conditional target species.	✓	✓	n/a

Comparison of reform options presented

To assist in considering the options and providing feedback, a number of advantages and disadvantages associated with the various forms of linkage have been identified by DPI and the SLWGs. These are outlined in the tables below (Tables 13, 14, 15 and 16).

Managing endorsement numbers (minimum shareholdings)

Table 13. Advantages and disadvantages associated with Option 1

Advantages	Disadvantages
Simple and therefore administratively the cheapest way for the government to link shares to resource access.	Shareholders are forced to invest from time to time, rather than autonomously.
A very direct and effective tool for delivering market-based adjustment to an agreed level.	Total investment can be significant, particularly for those with diverse shareholdings if required to invest in multiple share classes.
Reduces (but does not eliminate) the risk of inactive endorsements re-entering the fishery.	Limited opportunity to customise shareholdings to suit preferred access levels and fee liability.
Opportunity to remove some of controls that inhibit fishers' profitability and government efficiency.	Opportunity to remove or relax input controls slightly more limited than other options.
	Does not guarantee security of investment in a fisher's share within the fishery – endorsement holders continue to compete for their share.
	Little additional security of access within the fishery and cannot be used to respond to species-specific sustainability or resource sharing issues: <ul style="list-style-type: none"> • Competition within the fishery for high profile species will continue. • Opposition from other sectors to changes that would benefit the fishery will likely continue. • Government may be required to default to crude controls (e.g. closures, size limits, trip limits etc.) that sometimes deliver perverse outcomes such as loss of access or discarding etc.
	If total effort needs to be reduced for viability, sustainability or resource sharing reasons, increasing the minimum shareholding requirements would be one of the few options available to the fishery, noting: <ul style="list-style-type: none"> • The minimum shareholding requirements may need to be increased significantly to remove all latent effort and then some active effort. • Overall industry disruption would be greater than under a catch or effort quota, because under a quota, catch and effort is addressed directly and each and every shareholder incurs a proportional reduction in quota (and has the option to re-invest or not).
	Optimum asset (i.e. share) values unlikely to be realised, because of the above disadvantages.

Staged implementation of effort quota (days)

Table 14. Advantages and disadvantages associated with Option 2

Advantages	Disadvantages
Shareholders can customise their shareholdings to suit their preferred access levels and fee liability.	Days proposed to be allocated to shareholders under the calculated ITCALs are small for many share classes and could require considerable acquisition of shares by active fishers to maintain their recent effort levels.
Opportunity to remove a range of controls that inhibit	Expected to cost more to implement than a minimum

Advantages	Disadvantages
fishers' profitability and government efficiency.	shareholding scheme – because of the need to allocate quota each fishing period and monitor quota usage throughout the period.
Enhanced security of access and harmony within the fishery. The market-based system proposed means: <ul style="list-style-type: none"> Competing shareholders cannot simply increase effort by working more days they must also invest in shares. 	Does not offer security of investment/access like catch quota linkages, but offers more security of shares than for Option 1.
If an ITCAL (or in the future a TACE) is reduced for viability, sustainability or resource sharing reasons, it would: <ul style="list-style-type: none"> Have a more direct and immediate effect on effort levels – compared to increasing minimum shareholdings under Option 1. Affect all shareholders proportionally, not just those at or near the minimum shareholdings. 	Limited control over total catch and effort in the fishery.
Improved community confidence that the fishery is operating at sustainable levels and that total effort can be managed if a sustainability issue were to arise. This may lead to greater community and government support for proposed changes/streamlining to benefit fishers.	Stronger catch controls may need to be pursued in the longer-term dependent upon viability, sustainability and resource sharing issues.
Improved control over total catch from the fishery.	
Contributes towards higher asset (i.e. share) values – because of the above.	

Block Licence (crew) regime

Table 15. Advantages and disadvantages associated with a Block Licence (crew) regime as a supplementary option to Option 1 or 2

Advantages	Disadvantages
Provides proportional benefit for holding more shares under all linkage schemes.	Costs more to implement initially than a minimum shareholding scheme – because of the additional manual administration and/or modifications to systems required.
Shareholders invest autonomously. Shareholders have flexibility to adjust their shareholdings to suit their preferred crew arrangements.	Opportunity to remove or relax input controls will be limited.
Simple for industry to understand the benefit of the linkage.	Not a direct management control on any one species. Additional species specific controls may be required where issues are identified.
Can reduce the risk of latent effort impacting shareholders.	
Provides opportunity for fishing businesses owners to significantly reduce administration costs as there will be no longer a requirement to administer several fishing businesses.	
Retains ability for dedicated crew persons to continue fishing as dedicated crew endorsement holders.	

Catch quota (sea mullet)

Table 16. Advantages and disadvantages associated with ITQs as a supplementary option to Option 1 or 2

Advantages	Disadvantages
In the absence of control over total catches by other stakeholder groups (e.g. the recreational sector) ITQs or more specifically the setting of an ITCAL (or TACC) is one	Costs more to implement than a minimum shareholding scheme and more than the day regime – because of the initial allocation of new species shares, additional

Advantages	Disadvantages
way to secure a share of a relevant stock.	reporting requirements and more intensive compliance effort needed to prevent quota leakages.
Shareholders invest autonomously and can customise their shareholdings to suite their preferred access levels and fee liability.	<p>May result in the discarding of marketable fish (including through high-grading), however, critical to note is that:</p> <ul style="list-style-type: none"> • The regulatory discarding of fish already occurs under current arrangements and is one of the drivers for the proposal to quota manage some of the species above. • Allowing the transfer of quota, as proposed above, is one way to minimise the risk of excessive dumping.
Eliminates the issue of latent effort impacting shareholders who rely heavily on access to a quota species.	As the fishery transitions to the new arrangements high catch operators may need to invest in shares – more than low catch operators. This does, however, depend on the how the quota (or new classes of species shares) are allocated.
Optimum control over catches of specific species, whether for sustainability reasons or resource sharing with other stakeholder groups, noting that sea mullet is classified as 'fully fished' and taken by other NSW sectors.	Although not necessarily a con, the NSLWG has noted that some fishers may choose to acquire shares and lease the quota rather than fish it themselves.
Shareholders can concentrate on catching their quota as efficiently as they can (i.e. at least cost), focusing on quality rather than quantity, and value adding rather than the current system of racing to catch fish before someone else does.	
One of the major advantages, is that the ITQs proposed would provide for the removal of some of the current restrictions inhibiting fishing efficiency and viability.	
<p>If an ITCAL is reduced for viability, sustainability or resource sharing reasons, it would:</p> <ul style="list-style-type: none"> • Have a direct and immediate effect on total catch – compared to increasing minimum shareholdings or reducing an effort based cap. • Effect all relevant shareholders proportionally, not only, for example, those at or near the minimum shareholding level. • Not necessarily result in shareholders being excluded from the fishery, as per the minimum shareholding scheme under Option 1. 	
Improved community confidence that the fishery is operating at sustainable levels and that catches of quota species can be effectively managed if a sustainability issue were to arise. This may also lead to greater community and government support (i.e. an improved 'social licence' for changes that may benefit the fishery).	
Contributes towards optimum asset (i.e. share) values – because of the above.	

Management costs

The costs associated with each of the options are difficult to determine given that a large number of factors will influence them. An indication has been provided of the relative costs of the options in the advantages and disadvantages tables above. Refer to the general information paper for further information about estimating management costs.

Appendix 1: Overview of the NSW Ocean Hauling Fishery

The OHF operates in NSW ocean waters between the Queensland and Victorian borders. Hauling nets used in this fishery are deployed from beaches and in ocean waters out to 3 nautical miles from the natural coastline.

The OHF produces around 4500 tonnes of high quality seafood annually valued at around \$11M at the point of first sale.

The OHF targets a relatively small number of species compared to other fisheries using similar gear. The majority of catch is comprised of less than 20 finfish species taken from ocean waters and sea beaches along the NSW coast using four types of commercial hauling and purse seine nets. The major species taken in the OHF include mainly sea mullet, Australian salmon, Australian sardine, blue mackerel, yellowtail scad and whitebait (sandy sprat).

There are 5 sectors to the OHF.

- The Ocean Hauling – Hauling Net (General Purpose) sector is divided into 7 regions along the coast of NSW and uses a general purpose hauling nets to haul from ocean beaches targeting a range of species in crew ranging from 2 to over 15 persons.
- The Ocean Hauling - Pilchard, Anchovy and Bait net sector is divided into 7 region along the coast of NSW and uses hauling nets to haul to and from beaches and boats usually in a small crew of 2 persons targeting a limited range of species.
- The Ocean Hauling - Garfish Hauling Net sector is divided into 7 regions and targets Eastern sea garfish from beaches and boats using a garfish hauling net typically in a crew of 2 persons.
- The Ocean Hauling - Purse Seine sector is a boat based fishery only targeting a range of small pelagic and other species in ocean waters out to 3 nautical miles from the natural coastline of NSW. Larger purse seine nets are typically used and there is no requirement to use licensed crew in this sector.
- General Ocean Hauling (crew) sector is divided into 7 regional sectors. An endorsement holder in this sector of the fishery can only assist a net endorsement holder in the GPN, PABN or Garfish Hauling Net share classes.

There has been little autonomous restructuring in the fishery since 2007 as there has been no change to the minimum shareholding requirements in the fishery which are used to determine shareholders' eligibility for endorsements in the fishery. There has been no incentive for fishers to amalgamate shares as there is no benefit to holding more shares than the required minimum shareholding. There are also a number of shareholders that continue to hold endorsements to fish under the original shareholding concession. These shareholders were issued shareholdings in 2007 below the minimum shareholding requirement, but were issued an endorsement on the basis that if the fishing business changed ownership or the relevant shares were transferred the eligibility for the endorsement would be lost and the minimum shareholding requirements would be applied.

Further detailed information is provided below for the GPN, PABN and OHG fishery to which this paper relates.

The following figures show the numbers of shares held by shareholders in each share class and the current minimum shareholding requirements – which must be satisfied for the shareholder to be eligible for an endorsement to participate in the relevant sector.

NB. The shareholding data below was extracted late 2013, since which time there has been additional trading and consolidation of shares. Some shareholders also own multiple fishing

businesses with OHF shares and anecdotal information indicates that some intend to consolidate shares upon (or prior to) the linking of shares to resource access.

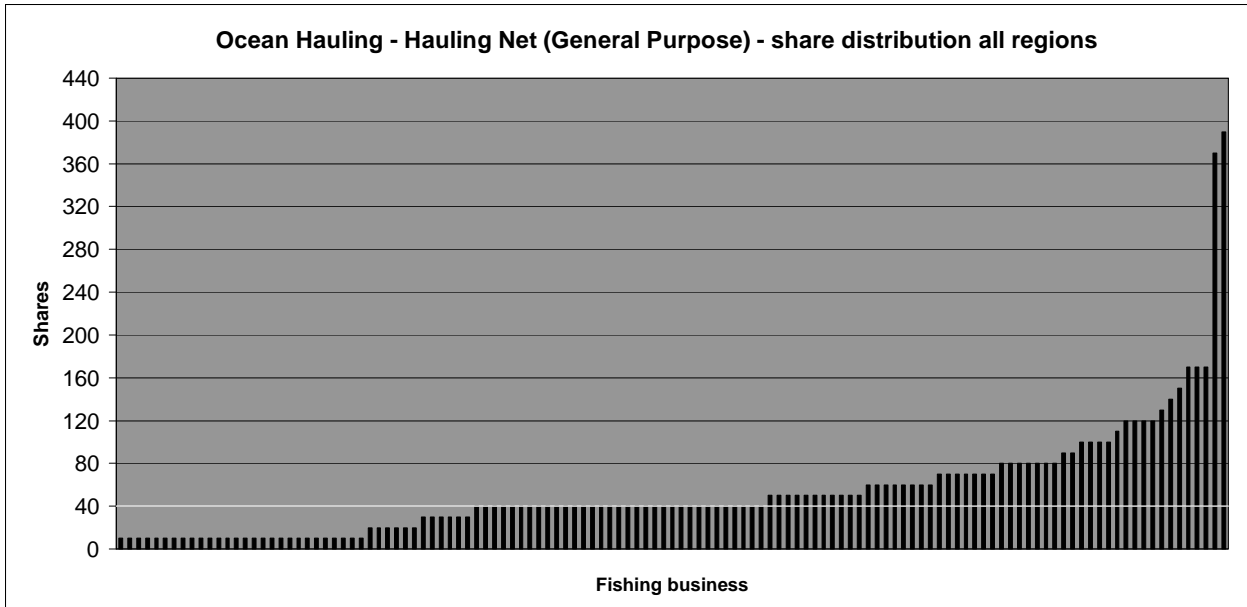


Figure 1. Ocean Hauling - Hauling Net (General Purpose) shareholdings all regions and current minimum shareholding requirement (white line)

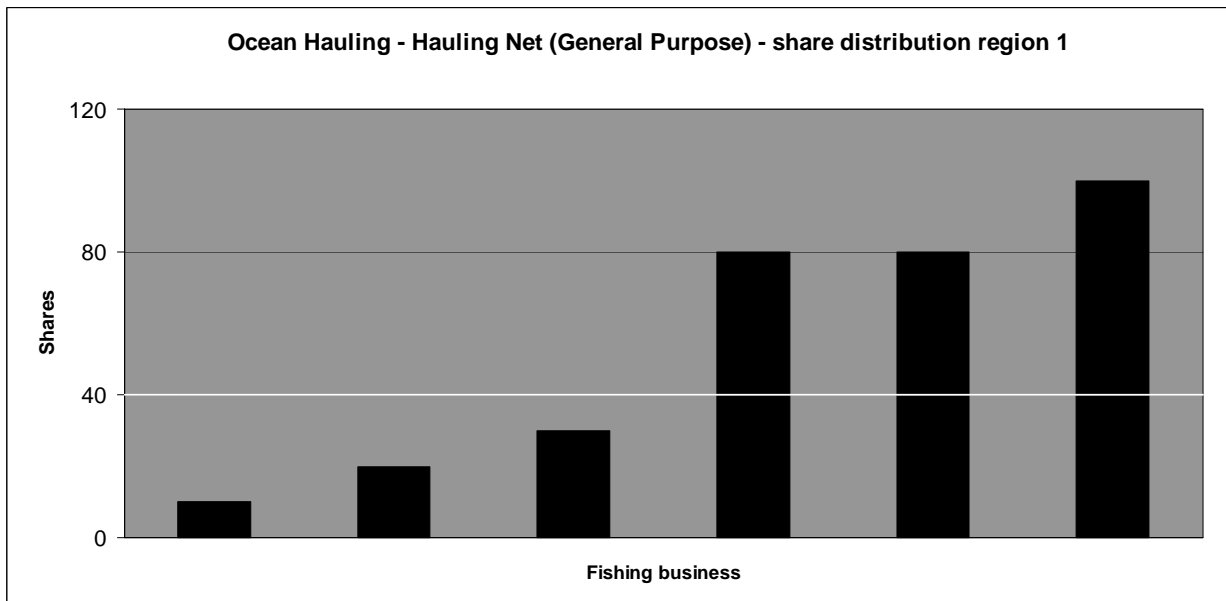


Figure 2. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 1 and current minimum shareholding requirement (white line)

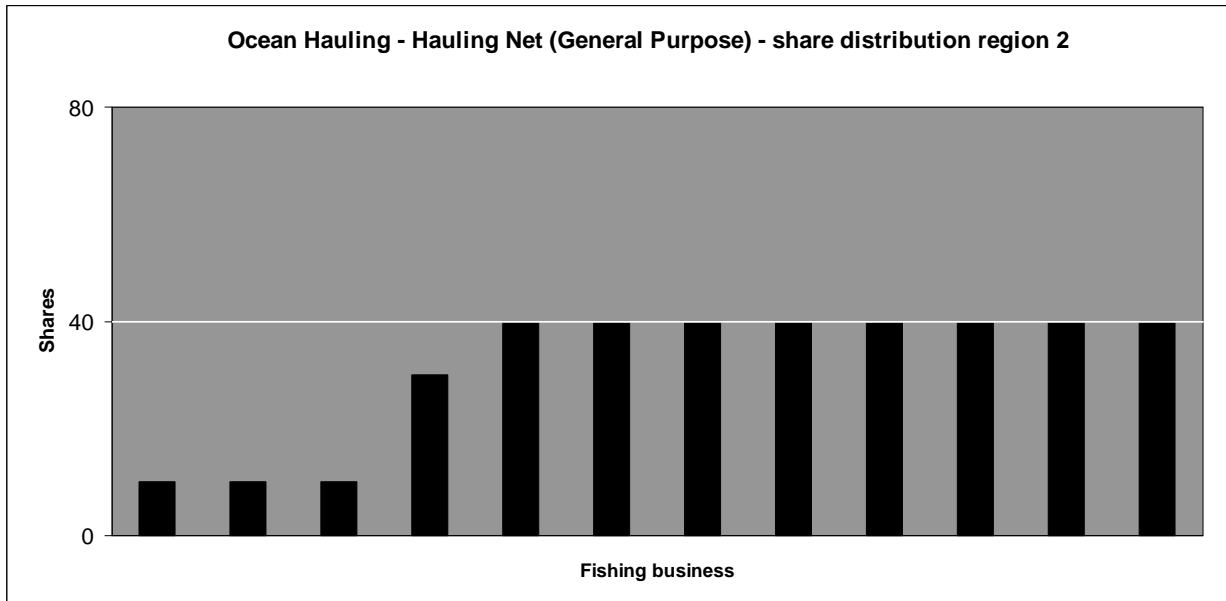


Figure 3. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 2 and current minimum shareholding requirement (white line)

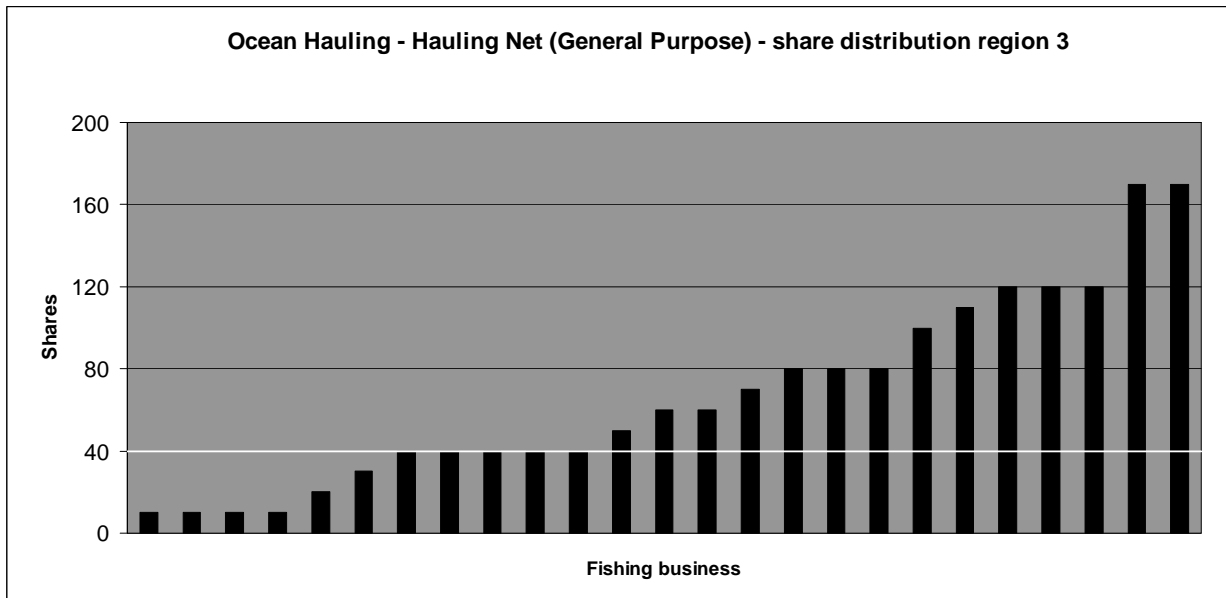


Figure 4. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 3 and current minimum shareholding requirement (white line)

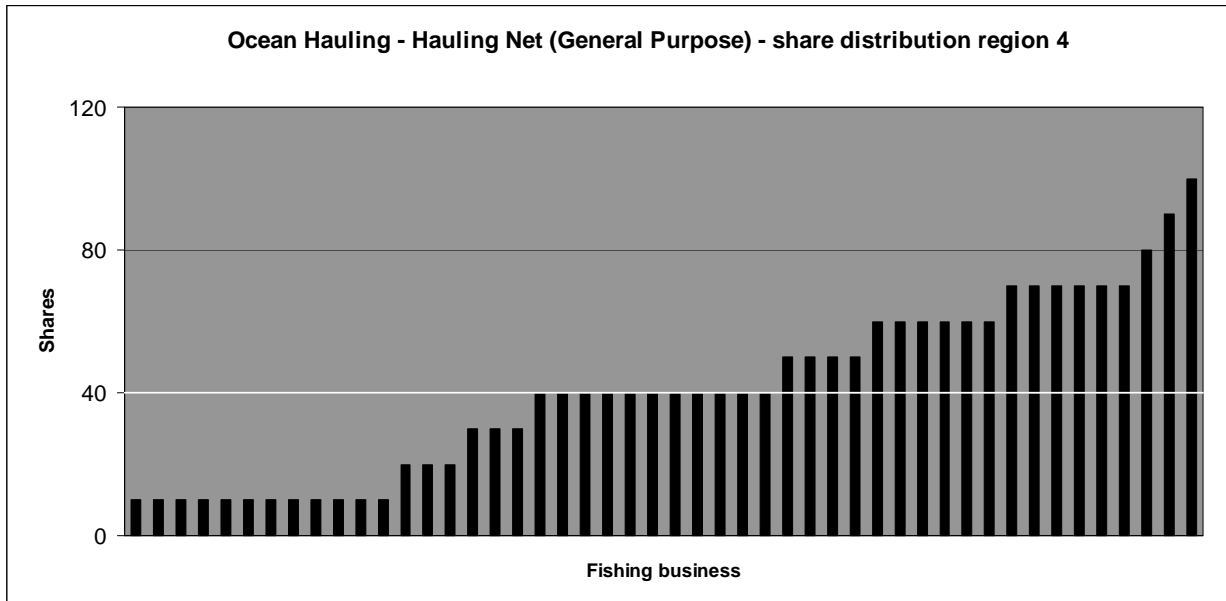


Figure 5. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 4 and current minimum shareholding requirement (white line)

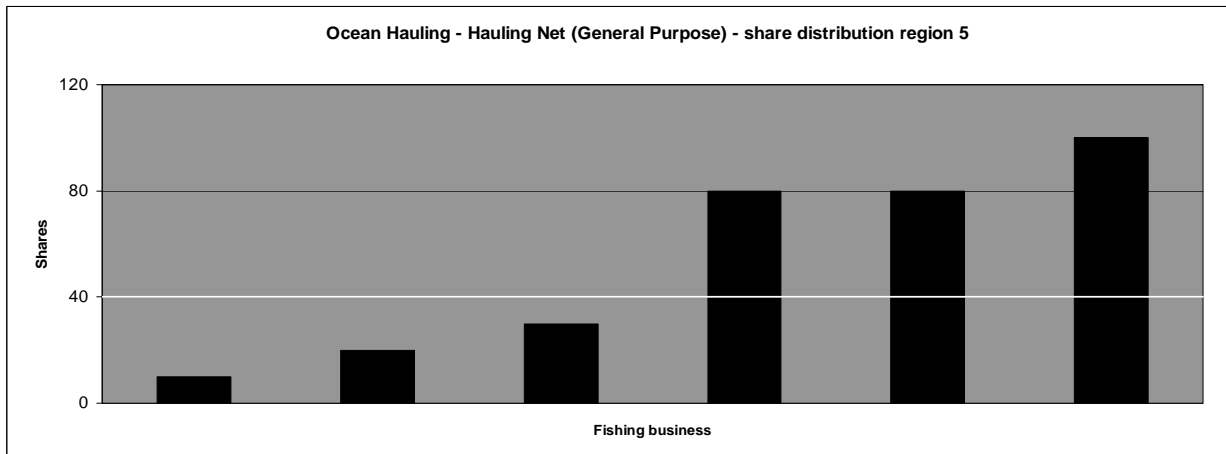


Figure 6. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 5 and current minimum shareholding requirement (white line)

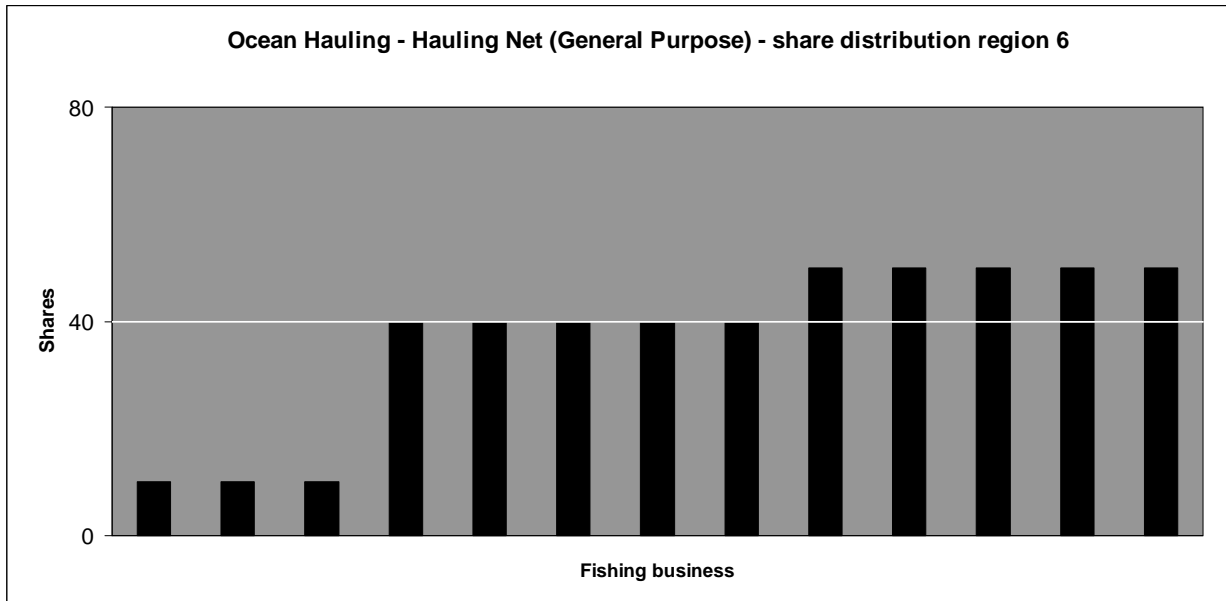


Figure 7. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 6 and current minimum shareholding requirement (white line)

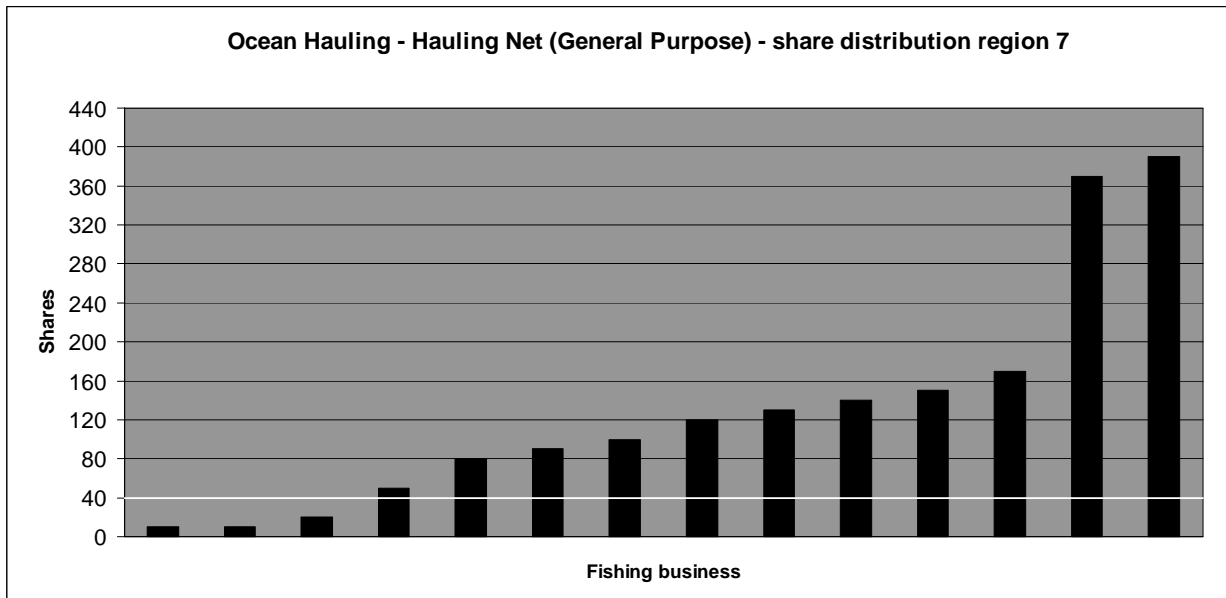


Figure 8. Ocean Hauling - Hauling Net (General Purpose) shareholdings region 7 and current minimum shareholding requirement (white line)

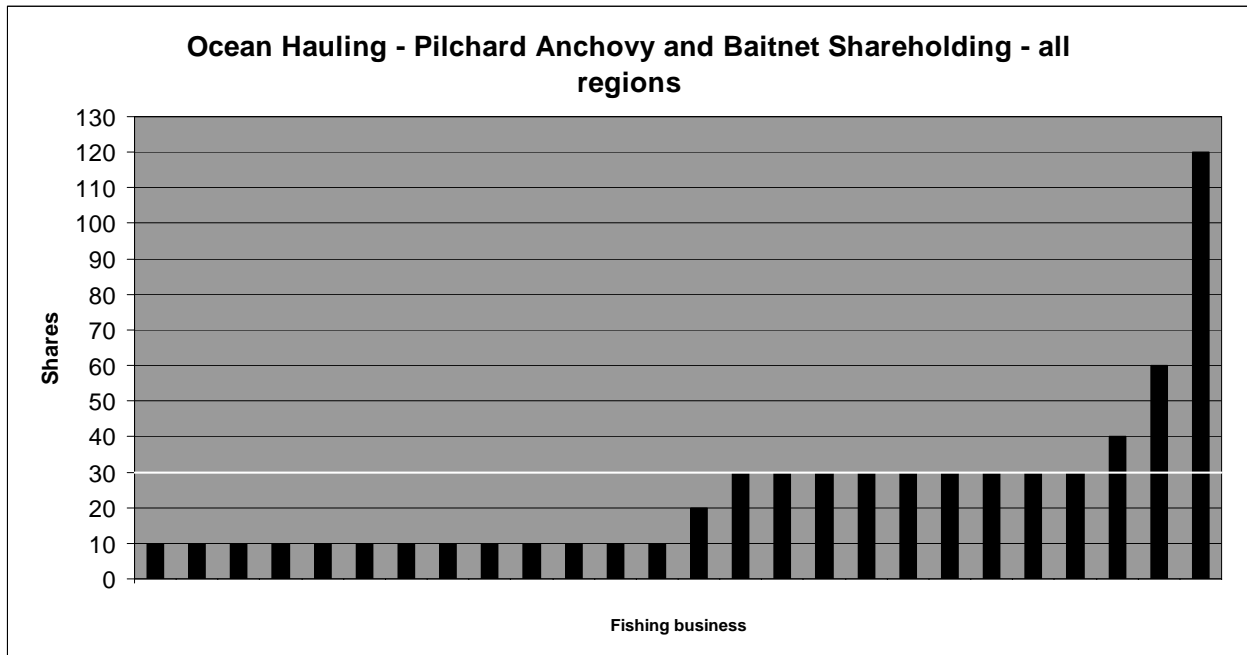


Figure 9. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding All Regions and current minimum shareholding requirement (white line)

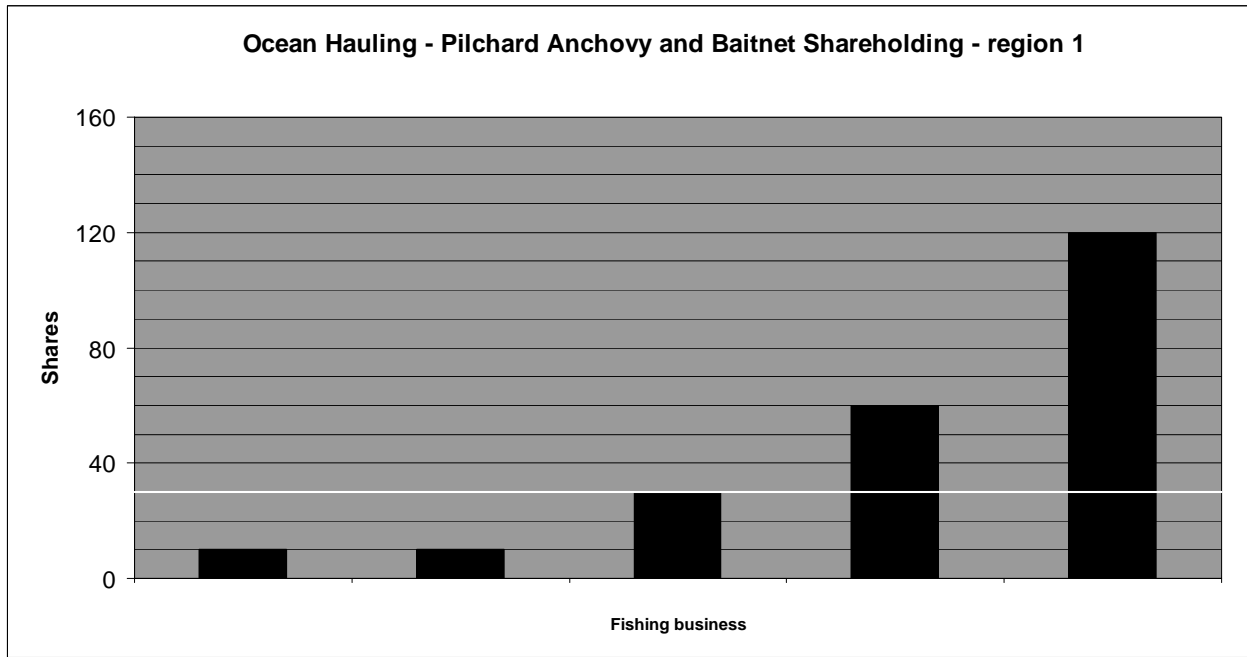


Figure 10. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding Region 1 and current minimum shareholding requirement (white line)

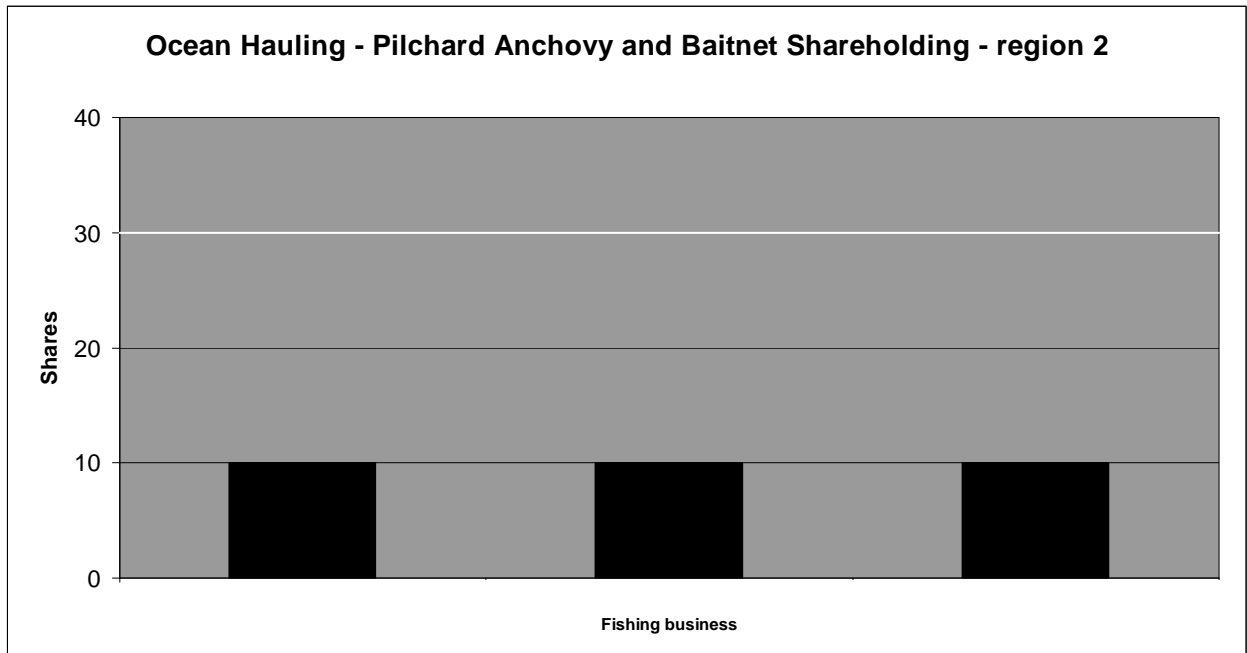


Figure 11. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding Region 2 and current minimum shareholding requirement (white line)

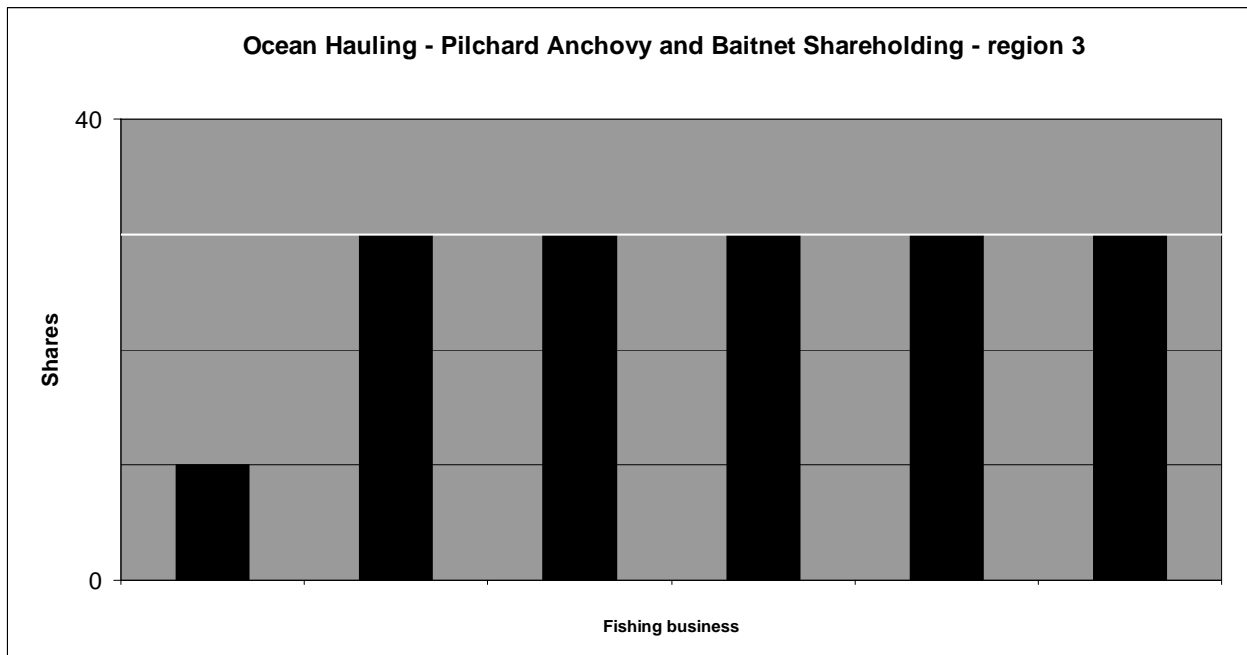


Figure 12. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) Shareholding Region 3 and current minimum shareholding requirement (white line)

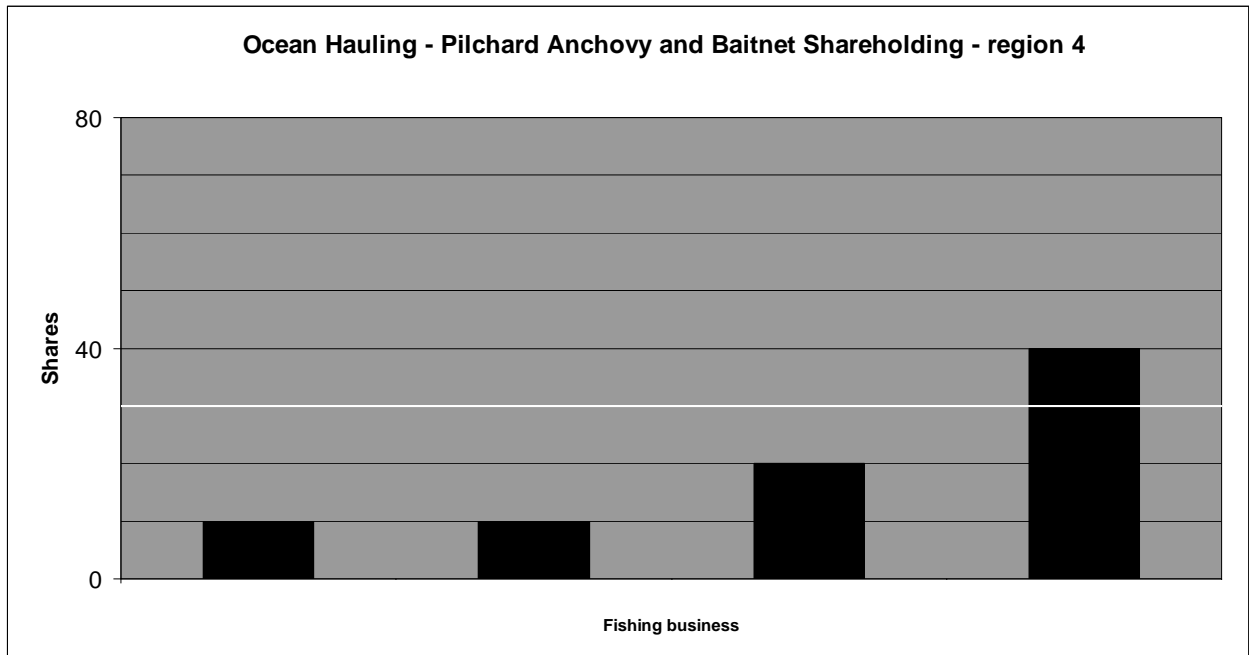


Figure 13. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding Region 4 and current minimum shareholding requirement (white line)

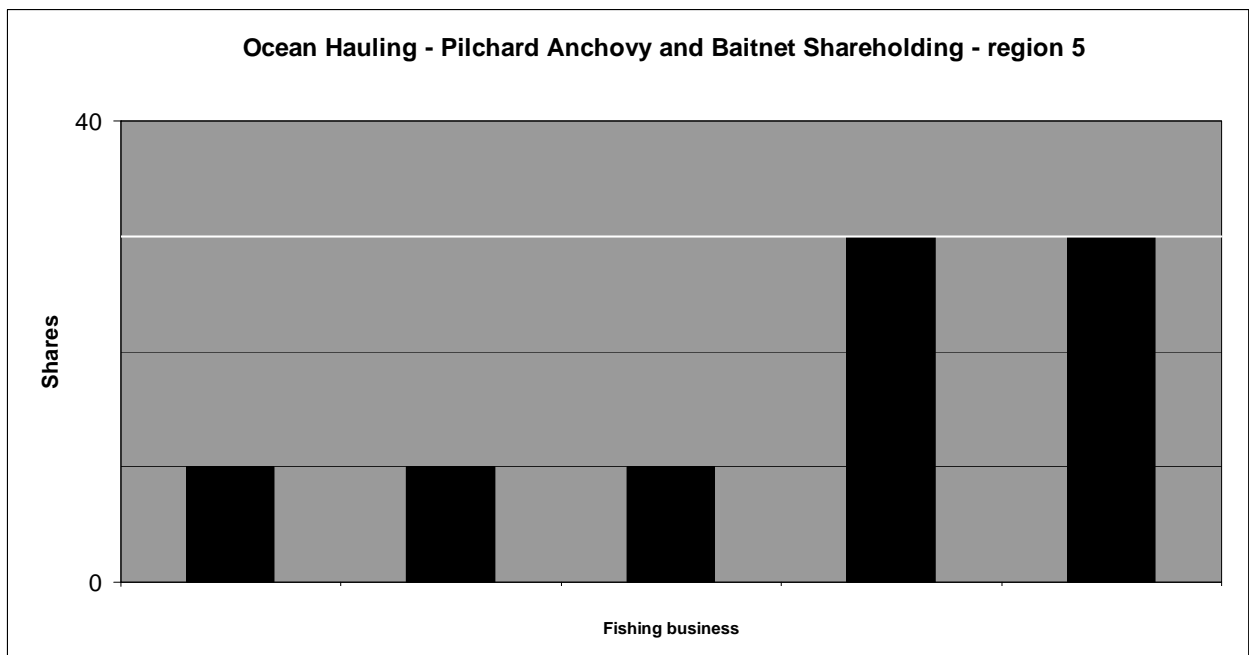


Figure 14. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding Region 5 and current minimum shareholding requirement (white line)

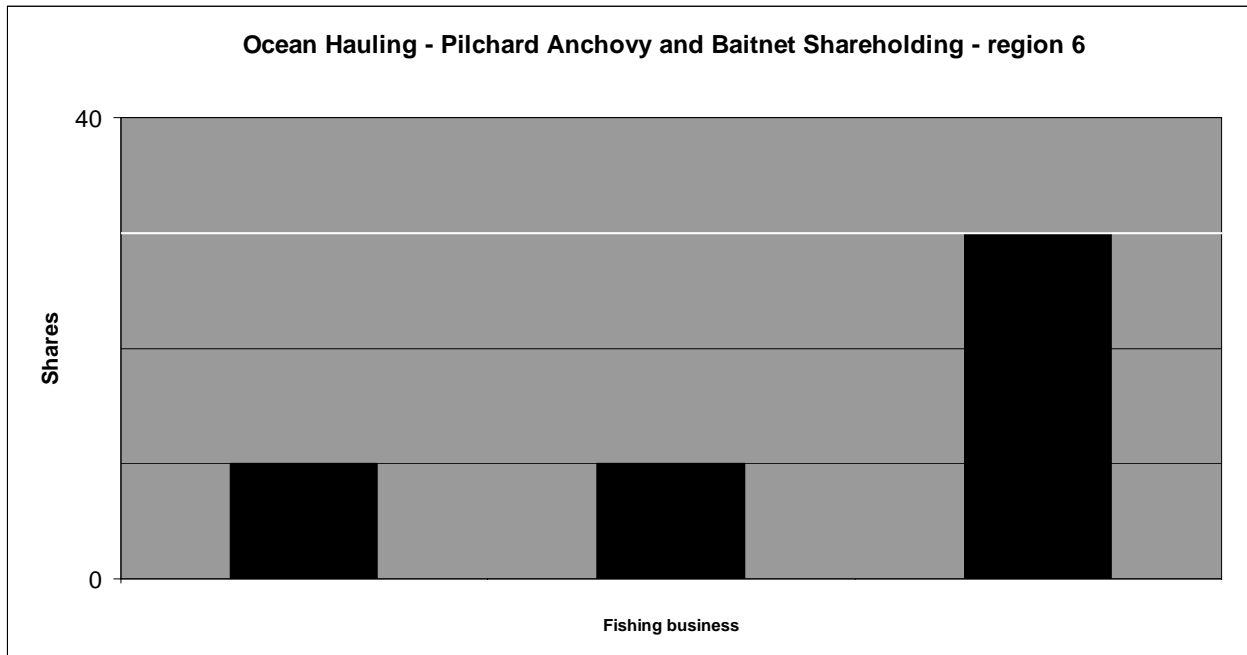


Figure 15. Ocean Hauling Pilchard Anchovy and Bait (Hauling Net) shareholding Region 6 and current minimum shareholding requirement (white line)

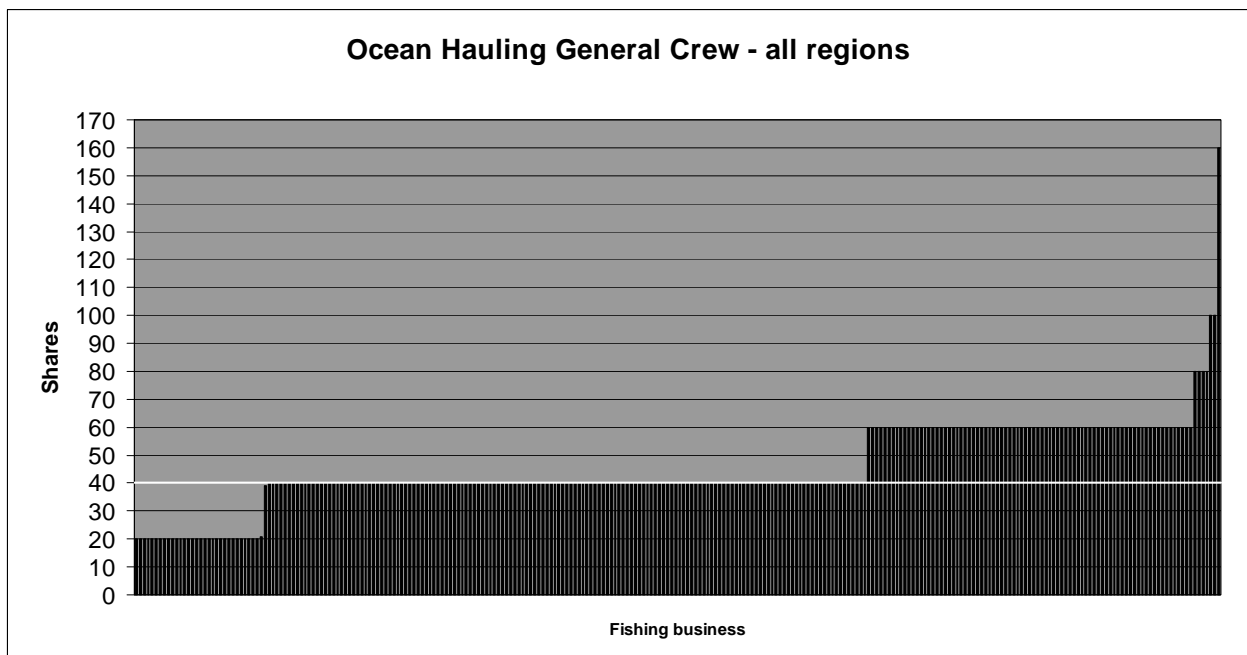


Figure 16. Ocean General (crew) Shareholding all regions and current minimum shareholding requirement (white line)