

**STRUCTURAL
ADJUSTMENT REVIEW
COMMITTEE**

**Industry consultation on draft
recommendations**

Ocean Trawl

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 Trawl
 - Deepwater Prawn
 - Northern Fish
 - Inshore and Offshore Prawn
- 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 TRAWL - DEEPWATER PRAWN

Key share class issues considered

- 2 FBs account for @80% of the recorded catch and 12 (of 16) endorsed Fishing Businesses have not reported any catch.
- There is no effective means of controlling fishing, and security of access is an issue.
- A largely redundant licensing requirement for vessels <20m is imposing unnecessary costs and paperwork.
- Share values are difficult to determine due to a lack of trading and perception by some of a potential economic revival in the fishery.
- Low risk of significant numbers of vessels entering the fishery

Draft Recommendations

July 2016

- Increase in minimum shareholdings from 20 to 25 shares be applied
- Remove the requirement for boats under 20m to be licensed (from July 2016)

Outcomes

- Brings the maximum number of endorsements closer to 15 which is the number of operators the working group previously advised that the fishery could reasonably support by removing some of the excess capacity from the fishery
- Removal of an unnecessary and ongoing burden for fishers with boats under 20m by taking away the need to use licensed boats

Discussion

DRAFT RECOMMENDATIONS

OCEAN TRAWL - NORTHERN FISH

Key share class issues considered

- 11 FBs account for @80% of the recorded catch and 10 (of 38) endorsed Fishing Businesses have not recorded any catch
- Many dual endorsements (inshore and offshore prawn fisheries)
- Need to develop resource sharing with the NSW ocean prawn trawl sector and the quota managed SESSF fisheries; some rec. sector interaction
- Discarding of gemfish (trip limits) and silver trevally (minimum size restrictions) is both a sustainability and social license issue
- Risk of effort shift, while restricted by costs of entry, will increase as other related fisheries in NSW and the Commonwealth increase controls on fishing

Draft Recommendations

July 2016

- Apply new minimum shareholding of 44 shares.
- Independent Allocation Panel(IAP) process commences to advise on the criteria for allocating new species shares
- Remove the requirement for boats under 20m to be licensed

July 2018

- Apply new minimum shareholding of 72 shares.
- Allocate new species shares following IAP advice
- Total Allowable Commercial Catches set for selected species following TAC Committee advice.
- Allocate catch quota to shareholders proportional to the new species shares held.

NB: the timing of IAP process and TAC Committee advice is only a guide

Outcomes

- Reduction of a large proportion of the excess fishing capacity
- Increased value and security of shares
- Improved social license
- Ongoing flexibility for operators
- Through the application of quota:
 - Provide the strongest form of access right
 - Provide access to a secure share of the stock
 - Encourage economically efficient fishing
 - Provide a direct control on catch through the TAC to address any resource sharing or sustainability concerns
- Removal of an unnecessary and ongoing burden for fishers with boats under 20m by taking away the need to use licensed boats

Discussion

DRAFT RECOMMENDATIONS

**OCEAN TRAWL – INSHORE AND OFFSHORE
PRAWN**

Key share class issues considered

- 49 FBs account for @80% of the recorded catch
- 132 (of 276) have not recorded any catch
- Many dual endorsements (inshore and offshore prawn fisheries)
- Considerable overlap with ocean fish trawling
- No effective means of controlling fishing effort
- Some risk of effort shift due to level of inactive effort and availability of second hand boats

Draft Recommendations (1)

July 2016

- Independent Allocation Panel (IAP) process commences to advise on the criteria for the allocation of i) new effort shares and ii) species shares

July 2018

- Allocation of i) new effort shares and ii) species shares following IAP advice
- Allocate quota (hull unit days) to shareholders proportional to effort shares held
- Allocate catch quotas to shareholders proportional to the new species shares held.
- Total Allowable Commercial Catches are set for the selected species following TAC Committee advice.

Draft Recommendations (2)

July 2020

- Total Allowable Commercial Effort and catch are set following TAC Committee advice.

NB: the timing of IAP process and TAC Committee advice is only a guide

Other proposed measures

From July 2018:

- Remove engine power restrictions applying to offshore prawn trawlers.
- Replace the individual headline lengths applying to each offshore prawn trawl boat and the maximum headline length of 33m applying to inshore prawn trawlers, with a standard maximum headline length of 55m.
- Removal of an unnecessary and ongoing burden for fishers with boats under 20m by taking away the need to use licensed boat , to streamline management and improve flexibility replacing (upgrading) boats
- Consider removing the inshore and offshore prawn trawl shares upon allocation of the new effort shares

Outcomes

- Reduction of a large proportion of the excess fishing capacity
- Catch and effort quotas:
 - are the strongest forms 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
- More effective control of the NSW catch of the main target species
- Increased incentive to fish at times when it is most profitable
- More certainty that the management arrangements can address future resource sharing or resource sustainability issues
- Removal of an unnecessary and ongoing burden for fishers by taking away the need to use licensed boats (<20m)

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

Close

- Closing remarks - Facilitator
 - NB Submissions invited
 - sarc.feedback@dpi.nsw.gov.au
- Close of session - SARC Chair