



Marine Scalefish Fishery Reform – Stage 2 information

August 2020

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Aim

This document provides information about the Marine Scalefish Fishery (MSF) reform as a basis for industry consultation:

- proposed method of allocating individual transferable quota (ITQ) units to licence holders
- a compliance program to ensure integrity of the quota management system
- a research program to support ecologically sustainable management of the fishery under a new management framework
- co-management arrangements
- red tape reduction process
- proposed decisions on key management issues

An update on the Voluntary Licence Surrender Program and information regarding a temporary freeze on licence transfers, costs of ongoing management and licence fees, and support services available to industry are also provided.

Update on Voluntary Licence Surrender Program

The Department of Primary Industries and Regions (PIRSA) is administering the Voluntary Licence Surrender Program, which aims to remove up to 150 licences in the MSF through the voluntary surrender of fishery licences. The program commenced on 25 May 2020 when licence holders in the MSF were invited to submit proposals to surrender their line or net licences. The sum payable for a line licence is \$140,000 (excluding GST) and for a net licence is \$180,000 (excluding GST), less any outstanding licence fees.

PIRSA has established an Assessment Panel to consider the proposals to surrender licences in the order they are received and provide recommendations to the Minister for Primary Industries and Regional Development. An external independent probity officer observes the meetings and deliberations of the panel.

To date, 44 proposals have been given Ministerial approval (40 line licences and four net licences).

Licence holders are reminded the closing date for PIRSA to receive proposals is 13 November 2020; the program will close earlier if the funds allocated for this purpose are exhausted before this time. This is a one-off program which will not be repeated.

On 8 July 2020, and with effect from 9 July 2020, a Legislative Instrument was registered by the Australian Government Department of Social Services for payments under the Marine Scalefish Fishery Reform: Voluntary Licence Surrender Program. This is known as the *Social Security (Exempt Lump Sum – South Australia – Marine Scalefish Fishery Reform: Voluntary Licence Surrender Program) Determination 2020* pursuant to the *Social Security Act 1991*.

This means certain payments made to persons under the South Australian Government's *Marine Scalefish Fishery Reform: Voluntary Licence Surrender Program*

are exempt lump sums for the purpose of social security law and will not be taken into account under the social security income test.

Further information on the Legislative Instrument can be accessed at:

<https://www.legislation.gov.au/Details/F2020L00893> and

<https://www.legislation.gov.au/Details/F2020L00893/Explanatory%20Statement/Text>

PIRSA does not make any representation in relation to the Legislative Instrument referred to above and licence holders should seek independent financial and/or legal advice on taxation and business planning before submitting a licence surrender offer.

Report of the Independent Allocation Advisory Panel

The Independent Allocation Advisory Panel (IAAP) on quota species in the MSF was established on 14 May 2020 with the following membership:

- Tim Mellor – legal expertise (Chair)
- Sevaly Sen – economic expertise
- Ian Cartwright – fisheries management expertise

The IAAP was tasked to investigate and provide advice on an appropriate basis for the allocation of ITQ units in respect to certain identified priority species (King George whiting, snapper, southern garfish and southern calamari) to individual licence holders in the MSF.

In considering and formulating recommendations, the IAAP applied a number of guiding principles and sought to ensure consistency with Government policies and legislation. Central to the IAAP deliberations was to give proper consideration to those who rely on the priority species for their livelihoods while giving due recognition of historical rights in the fishery. The overarching aim of the IAAP was to minimise differing outcomes to the extent possible and support reform objectives of ensuring the MSF has a resilient and sustainable future.

A number of criteria for inclusion in an allocation formula were carefully considered. These included licence holding, catch history, gear endorsement and fishing activity. The IAAP report describes the consideration of each of these elements and how they could be applied in allocating ITQs.

Recommendations

The recommendations from the *Report of the Independent Allocation Advisory Panel (IAAP) on priority species in the Marine Scalefish Fishery* (Preliminary Report) are:

Recommendation 1: Two criteria should be included in any MSF ITQ allocation formula:

- a. Licence holding (base allocation); and
- b. Catch history.

Recommendation 2: Relative market values of licences from the 2019 BDO Report should be used to determine the base allocation by licence type (net/line; amalgamated/un-amalgamated).

Recommendation 3: A proportion of the total allowable commercial catch (TACC) should be allocated to all eligible MSF licences State-wide as a base allocation.

Recommendation 4: Each licence holding category should receive a proportion of this allocation based on their relative value of their licences, where

- a. Amalgamated Net = x
- b. Amalgamated Line = y
- c. Un-amalgamated Net = $x/2$
- d. Un-amalgamated Line = $y/2$.

Recommendation 5: The 2016 investment/catch history Fisheries Notice warning should stand. The period of six years (1 July 2010 to 30 June 2016) is an appropriate reference period.

Recommendation 6: The highest 5 years catch from the 6 years should be used to calculate catch history periods to account for low or no catch due to personal circumstances.

Recommendation 7: There should be no minimum catch history threshold.

Recommendation 8: Catch history of licence holders participating in the Voluntary Licence Surrender Program should be 'returned' to the overall quota pool for allocation amongst all eligible licence holders.

Recommendation 9: Catch history and base entitlement should be weighted 80:20.

Recommendation 10: ITQs for priority species should be allocated to Option C endorsed licence holders in the rock lobster fisheries on catch history only above a minimum catch of 50 kg using the same reference period as MSF licences.

Recommendation 11: No ITQs for priority species should be allocated to the Spencer Gulf, Gulf St Vincent and West Coast prawn fisheries.

Recommendation 12: No ITQs for MSF priority species should be allocated to MSF endorsed licence holders in the Lakes and Coorong Fishery.

You can read the full report at Appendix A: Report of the Independent Allocation Advisory Panel (IAAP) on priority species in the Marine Scalefish Fishery.

Points of clarification

It is clear from the IAAP report recommendations that for the MSF, 20% of all quota units for the priority species in each zone would be allocated between all MSF licence holders, with un-amalgamated licences receiving half as much as an amalgamated licence. The remaining 80% of quota units would be allocated according to the licence holders' proportional share of catch for each species in each zone (regardless of amalgamation status), based on the best 5 years of catch history over the period 1 July 2010 to 30 June 2016.

Those licence holders in the rock lobster fisheries (with Option C) with catch of 50 kg or more of any individual quota species using the same reference period would receive an ITQ allocation based on their individual catch history only, from within the rock lobster fisheries' proportional shares formally allocated by the [Management Plan for the South Australian Commercial MSF](#). No ITQs would be allocated for southern calamari in the prawn fisheries or for snapper in the Lakes and Coorong Fishery.

Indicative allocations to licence holders

In late August, PIRSA will notify each licence holder in the MSF and rock lobster fisheries what their indicative quota allocation would be if these formulae were adopted and applied to licences as at 1 August 2020. This allocation will be indicative only and will change as more MSF licences are surrendered. A revised indicative allocation will be provided to licence holders before the Voluntary Licence Surrender Program closes in November 2020.

The report of the IAAP with the proposed allocation formulae is now released for industry consultation. You are encouraged to complete the online survey to have your say. PIRSA will make this feedback available to the IAAP and the Minister.

Following careful consideration of industry feedback, the IAAP will finalise its report to the Minister and provide its final recommendations for the allocation of ITQs. The Minister will then make a decision on the method for allocating ITQs of priority species in the MSF.

The IAAP noted that a licence holder may wish to argue that by reason of certain events, such as illness, serious misfortune, administrative error, etc, their circumstances were exceptional and that except for such events, they would have been entitled to a higher allocation than they received. Once the Minister has decided the method for allocating ITQs of priority species in the MSF, an 'exceptional circumstances' process will be held in November 2020 to allow for these circumstances to be considered and ensure the principles of fairness and good management result in consistency in the application of the allocation process.

Do you have any comments on the IAAP recommendations for allocating ITQs among licence holders? Complete the online feedback form.

Compliance program

The current annual compliance program for the MSF focuses on input controls and costs approximately \$1.3 million.

The current program focus is on compliance with closed seasons and closed areas, catch limits, legal gear types, minimum fish sizes and licencing requirements.

The introduction of management zones and TACCs for priority fish stocks managed by ITQs creates a different compliance focus requiring new technology, systems and process changes that are common in other quota managed fisheries.

The broad risks and compliance tools associated with these new arrangements may include:

- ensuring quota management system integrity through quota monitoring, catch data recording via eCatch, weighing upon landing, weighing of catch at registered fish processors, sealing catch in prescribed bins using PIRSA-issued tags and scientific periodic returns.

- ensuring spatial controls and trip logging using a vessel monitoring system (VMS), prior to fishing reports, prior to landing reports or onboard electronic monitoring.
- reconciling catch disposed and sold at fish processors via eCatch.

The addition of any combination of the above compliance tools will require regulation and penalty changes and increased costs to set up and maintain. The program costs will be proportional to the levels of desired quota integrity.

A revised compliance program developed around a minimum base level quota integrity monitoring system, and taking into account a reduced number of MSF licences, is estimated to require an additional ~\$800,000 to \$1.3 million each year.

The details of an appropriate compliance program need to be further developed and refined in consultation with the industry, and will depend on the final management structure of the reformed fishery. Technological adoption will be key to the reformed MSF.

Do you have any feedback on a compliance program to ensure integrity of the quota management system? Complete the online feedback form.

Scientific stock assessment and monitoring program

The purpose of the scientific stock assessment and monitoring program is to provide the science-based evidence to support sustainable utilisation and management of the MSF. This program needs to have a number of components because the MSF harvests a diverse range of species using a variety of gear types across much of the marine waters of the State.

There are four core components to the program. These are:

- (1) Catch and effort logbooks completed by commercial fishers for each fishing day – these provide information on catch, fishing location and gear used;
- (2) Length and age sampling of selected species – these provide information on the size and age structure of fished stocks, fish growth rates, reproductive condition, recruitment and fishing mortality;
- (3) Stock assessment and modelling of key stocks – these provide information on trends in stock abundance and current stock status. These are a comprehensive integration of all available commercial, recreational and biological data for each key stock and provide a high level of information for management; and
- (4) Stock status of other harvested species – these are based on catch and effort monitoring of non-modelled stocks.

The current program operates on a three-year cycle, providing a comprehensive stock assessment for snapper, King George whiting and southern garfish in a triennial (once every three years) rotation.

Increased levels of catch result in elevated risks of overfishing. Consequently, higher levels of exploitation require additional levels of information on stocks to mitigate this risk. Increased levels of information result in higher costs of the scientific stock assessment and monitoring program. This is known as a 'risk-catch-cost' trade-off. It is also true that limited information on stocks (which is less expensive) requires more conservative levels of catch to manage risks of over-exploitation. These are the components which need to be balanced in determining the most suitable program for the fishery.

A comprehensive scientific stock assessment and monitoring program, appropriate to a reformed MSF, would have multiple components. These include:

- (1) Catch and effort logbooks completed by commercial fishers for each fishing day with a transition to electronic reporting (eCatch);
- (2) Biological (age, length, reproductive condition) sampling of numerous species;
- (3) Annual stock assessments and modelling of Tier 1 (ITQ) stocks;
- (4) Annual stock status of Tier 2 and Tier 3 stocks;
- (5) Estimates of biomass, from daily egg production method (DEPM) surveys, for snapper (Spencer Gulf, Gulf St Vincent) and King George whiting (Investigator Strait) in triennial rotation – these provide fishery-independent information on levels of spawning stock biomass;
- (6) Annual snapper pre-recruit survey – these provide information on recent levels of snapper recruitment;
- (7) Annual fishery-independent surveys on King George whiting, garfish and calamari – these provide information on trends in stock abundance and recruitment that are independent of information provided in the commercial fishing logbooks.

Maintaining the current scientific stock assessment and monitoring program would cost between \$1 million and \$1.2 million per year. The more comprehensive, scientific stock assessment and monitoring program would cost between \$3.1 million and \$3.7 million per year. A program which aims to balance the risk-cost-catch trade-offs at a moderate level is estimated to cost between \$1.4 million and \$2.1 million per year.

The most appropriate scientific research and monitoring program for the reformed MSF will continue to be refined through the Management Advisory Committee and will take into account the nature of the harvest strategies developed to manage key stocks.

**Do you have any feedback on a scientific stock assessment and monitoring program to support ecologically sustainable management of the fishery?
Complete the online feedback form.**

Co-management

An objective of the *Fisheries Management Act 2007* is “the participation of users of the aquatic resources of the State, and of the community more generally, in the management of fisheries is to be encouraged”. PIRSA will manage the MSF in partnership and in consultation with the fishing industry and other key stakeholders, with the aim of achieving better fisheries management outcomes.

The Snapper Management Advisory Committee (Snapper MAC) was established in October 2019 to support pressing fisheries management issues related to snapper being addressed at that time.

The Snapper MAC involves a mix of expertise to support decision making processes and strengthen consultative arrangements as follows:

- Independent Chair – Hon Amanda Vanstone
- Independent economist with expertise related to fisheries management – Dr Julian Morison
- Independent fisheries scientist – Dr David Smith
- Fisheries management expert – PIRSA Fisheries and Aquaculture, Keith Rowling
- Fisheries science expert – SARDI Aquatic Sciences, Dr Michael Steer
- Representative of the commercial fishing sector – Franca Romeo
- Representative of the recreational fishing sector – Graham Keegan
- Representative of the charter boat fishery – Gary Lloyd
- Representative of Aboriginal Traditional fishers – yet to be appointed

To ensure timely decisions are made for the MSF reform, the scope of the Snapper MAC has been extended to support decision making processes for other MSF species and strengthen consultative arrangements across the broader MSF.

The Snapper MAC will recommend the 2021/2022 TACCs for priority species and these will be publicised in August 2020.

This decision was made as it was felt given the importance of a MSF Management Advisory Committee (MSF MAC) membership, that licence holders needed to be consulted on the membership of the committee and there was insufficient time for consultation and TACC decisions to be made in a timely manner.

It is proposed a MSF Management Advisory Committee (MSF MAC) will be implemented from 1 July 2021 with the following membership:

- Independent Chair
- Independent economist with expertise related to fisheries management
- Independent fisheries scientist
- Two representatives from the recreational fishing sector
- Representative of the charter boat fishery
- Representative of the rock lobster industry
- Two representative of the MSF
- Representative of Aboriginal Traditional fishers
- PIRSA fisheries management expert
- SARDI fisheries science expert

In early 2021, PIRSA will establish a formal application process for positions on the MSF MAC. The MSF MAC will be implemented from 1 July 2021 as part of the reformed fishery.

The MSF MAC will commence the development of a new management plan for the fishery once established, which will include revised harvest strategies for key species.

Do you have any feedback about the proposed membership of the MSF MAC? Complete the online feedback form.

Tiered management framework

The [Industry Consultation paper](#) provided to licence holders in September 2019, introduced a three tiered management framework for managing the four priority species; snapper, King George whiting, southern calamari and southern garfish.

- Tier 1 - highly regulated ITQ system managed within a TACC
- Tier 2 - management arrangements designed to constrain the total catch within a Recommended Biological Catch (RBC) limit
- Tier 3 - monitored against prescribed performance indicators

A PIRSA working group is developing a simple decision-making framework as a tool for the MSF MAC to support consideration of whether a species in a zone should move from a Tier 3 to Tier 2, or Tier 2 to Tier 1. The key criteria of the framework include consideration of a species stock status; their importance to the recreational, indigenous and commercial fishing sectors; target levels; and their vulnerability to overfishing.

Red tape reduction

A Red Tape Reduction Working Group has been established to support the identification of potential amendments to regulations, licence conditions and management arrangements under the *Fisheries Management Act 2007*. This work will take place during the next few months and aims to support further regulatory reform in the MSF and drive efficiencies in fishing operations, and cost-effective management and administration under the Act.

There are many historical regulations, licence conditions and management arrangements (i.e. netting closures, limitations on gear and transferring of gear) that were implemented to manage the MSF.

The Working Group will consult with industry to identify opportunities for further reform.

The Working Group will provide this information to PIRSA and the Minister for consideration of potential legislative, management and licence condition amendments to allow greater efficiencies in line with the objects of the Act.

The Working Group is comprised of an Independent Chair, eleven industry members and three observers from PIRSA (see below). Industry members include licence holders across various zones and gear types to ensure expertise of a broad range of licence holder issues across the fishery.

Membership of Red Tape Reduction Working Group

Independent Chair: The Hon Stephen Baker

Industry	Gear	Region	PIRSA Observers
Gary Morgan	N/A	N/A	Belinda McGrath-Steer
Graham Harrowfield	Net	SG	Pat Tripodi
Mike Elton	Line	SG	Olivia Rundle
Craig Fletcher	Line	SG	
David Wilks	Net	SG	
Gary Lloyd	Line	GSV/KI	
Laurence Condo	Line	GSV/SE	
Bart Butson	Net	GSV	
Hugh Bayly	Line	WC	
Noel Box	Line	WC	
Noel Hayes	Line	SE	

The first meeting of the Red Tape Reduction Working Group is scheduled to occur in August 2020.

Other key questions regarding management of the reformed MSF

In developing the management framework for the reformed MSF, the State Government is mindful of the need to balance the fishery's social values and assets with its future economic profitability, while ensuring it is managed in an ecologically sustainable way. This is consistent with the objects of the *Fisheries Management Act 2007* and the goals and objectives of the [Management Plan for the South Australian Commercial Marine Scalefish Fishery](#).

'Owner operator' arrangements

The 'owner operator' requirement is an input control which restricts fishing effort directed into the fishery.

The MSF is regarded as an 'owner operator' fishery and as such the use of a registered master to operate the licence in addition to the licence holder is not permitted; however, there are some exceptions to this rule. For example, the *Fisheries Management (Marine Scalefish Fishery) Regulations 2017* provide for the following circumstances where it is permitted for a master other than the licence holder to operate the licence:

- a) The licence holder holds another MSF licence and is registered as the master of that licence, or

- b) The licence has a pipi or vongole quota entitlement and the registered master is taking pipi or vongole, respectively, or
- c) The licence has a gear entitlement (ocean jacket trap, sand crab pot or sardine net), and the registered master is fishing using those devices.

In addition, section 53 of the *Fisheries Management Act 2007* gives the Minister the power to consent for a natural person to act in the place of a registered master under a MSF licence. Guidelines have been established to support the consideration of applications for such consent, which consider the circumstances of:

1. Illness and injury (medically unable to operate the licence)
2. Official business and training
3. General replacement master days (i.e. maximum of 28 days in seven day blocks)

The owner operator arrangements are acknowledged to promote stewardship in the fishery and prevent large scale corporate ownership of licences in favour of a regional, locally owned fishery with family run businesses. In this way, the arrangements create regional social and economic benefits, whereby the wealth generated from the fishery remains in the hands of independent owner-operators who generally live in regional communities. Retaining these arrangements is considered to better protect the social values of the fishery and social licence to operate, particularly in regional areas, and protect stocks of secondary species, which will not be subject to quota.

The arrangements, however, restrict the flexibility for licence holders to operate their businesses, resulting in a loss of economic opportunity. Removal of this requirement would increase flexibility for individual licence holders and their businesses and open new opportunities for investment in and development of the MSF.

Considering all these issues, and feedback previously received from industry, it is proposed to retain the existing owner operator arrangements in the MSF at this time. Arrangements could be reviewed in the future if it is the will of industry and it is considered arrangements need alteration.

**Do you have any comments on the proposed owner operator arrangements?
Complete the online feedback form.**

Licence amalgamation scheme

The licence amalgamation scheme was introduced in 1994 to reduce the number of licences and, therefore, the maximum amount of fishing effort (including latent effort) in the fishery. At that time, all MSF licences were assigned a points value based on the level of historical catch. Restricted MSF licences were incorporated into the scheme in 2004; prior to this they were non-transferable.

The amalgamation scheme requires at least two licences to be joined together, with one of those licences being removed from the fishery as a consequence. Provided the two (or more) licences being amalgamated have an aggregate points value above a pre-determined threshold, the licence will be transferred along with the appropriate gear entitlements from the licence being surrendered. Once a licence has

amalgamated it can be freely transferred without having to be amalgamated with another licence, subject to all other conditions and regulations.

The licence amalgamation scheme has achieved a significant and permanent reduction in the number of licences within the fishery. In conjunction with the net fishery restructure in 2005, approximately 50 per cent of licences have been permanently removed from the fishery during the past 26 years. Of the 263 MSF and Restricted MSF licences that remain in the fishery as at 21 July 2020 (taking into account the 44 proposals to surrender which have received Ministerial approval to date), 58 line licences and 27 net licences remain un-amalgamated.

A report by BDO EconSearch in October 2019 estimated that 197 MSF licences would need to be removed to achieve a positive net economic return generated by the fishery (under indicative TACCs developed by SARDI). Retaining the licence amalgamation scheme would provide a method for the MSF to continue to autonomously reduce the number of licences in the fishery and improve the economic performance of the fishery over time.

The Voluntary Licence Surrender Program aims to remove up to 150 licences in the fishery through the voluntary surrender of fishery licences, as part of the MSF reform initiative. This process, and the introduction of a quota management system for the four key species will reduce the fishery's dependence on the licence amalgamation scheme as a way to reduce licences and manage fishing effort. In addition the effectiveness of the amalgamation scheme has slowed in recent years and it could be considered to maintain unnecessary red tape for the industry.

Considering the advantages and disadvantages, and the significant numbers of un-amalgamated line and net licences remaining in the fishery, it is proposed to retain the existing licence amalgamation scheme in order to continue rationalisation of MSF licences over time and improve the fishery's economic performance. These arrangements could be reviewed in the future if industry desired.

Should the licence amalgamation scheme continue in its current form? Complete the online feedback form.

One-in-five year licence transfer rule

Regulations came into effect in January 2018 to prevent the transfer of a MSF licence more than once in any five-year period, consistent with numerous requests from licence holders and the Marine Fishers Association. The regulations specify some exceptions to this rule. These changes aimed to provide a disincentive to the private practice of leasing MSF licences, which was considered to be negatively affecting the fishery by encouraging short-term, highly intensive fishing practices that compromise the long-term sustainability of key species in the fishery.

PIRSA has never recognised or encouraged the private practice of short-term leasing of licences and such arrangements are beyond the control of the *Fisheries Management Act 2007*. However, these changes aimed to engender greater industry stewardship and strengthen the longer-term commitment of licence holders to the

ongoing sustainability of the MSF and assist in preventing over-exploitation of fish stocks.

Implementation of quota management arrangements will provide direct output controls as the primary way to sustainably manage key MSF species. While retaining the regulated disincentive to the private practice of leasing licences may still provide some value to the fishery, it could also be viewed as an overly prescriptive rule in the reformed MSF where there will be fewer licence holders and more direct controls on catch.

It is considered the one-in-five year transfer rule is no longer required to deliver the stewardship and sustainability outcomes it was introduced to address and, therefore, it is proposed to be removed from 1 July 2021.

Note, in other quota managed fisheries in South Australia, both permanent and temporary (short-term) transfers of quota units are generally permitted. In the case of temporary quota transfers, the quota units return to the original licence holder at the commencement of the new quota year. PIRSA considers there is no reason why the temporary transfer of quota units should not be supported in the MSF from 1 July 2021.

Do you have any comments on the proposal to remove the one-in-five-year transfer rule from 1 July 2021? Complete the online feedback form.

Temporary licence transfer freeze

Licence holders should note that the Minister will adopt a policy of refusing to consent to applications to transfer MSF licences under section 57 of the *Fisheries Management Act 2007* until 1 July 2021. This is to ensure the MSF can be managed in a manner consistent with the ecologically sustainable development objectives of the Act and the reform measures, including the administrative process of allocating quota entitlements to individual licences, can be implemented in an equitable and efficient manner. Licence holders have a right under section 111 of the Act to seek a review of a variation or imposition of a licence condition or refusal to issue, renew or consent to the transfer of an authority.

Zoned licences or State-wide access

Four regional management zones were proposed in the MSF Reform - Stage 1 Information released in June 2020. This regional structure could apply as State-wide licences with managed access to each zone, or as separately managed regional fisheries with licence holders having access to only one zone.

Zoned licences may better promote stewardship over each of the four regions in the MSF by the fishers based in each region and as such improve their social licence to fish within their local communities. It would also provide a more direct mechanism to limit the number of people operating in each zone. However, reducing licence access to the MSF from State-wide to a single regional zone would limit flexibility for fishers and their businesses, including their ability to respond to future pressures such as stock sustainability issues, the impacts of climate variability or changing markets.

Considering the limitations zoned licences would have on individual fishers and the fishery as a whole, it is proposed that MSF licences should not be zoned and should retain State-wide access to the fishery, subject to other conditions and regulations, including the quota management arrangements for key species.

Do you have any comments on the proposal to retain State-wide access to the MSF for MSF licence holders? Complete the online feedback form.

Commercial access to the MSF by other fisheries

The diverse mix of participants, fishing operations, devices and licence conditions make the task of managing the MSF efficiently and sustainably very complex.

South Australian commercial fishing licences providing some form of access to marine scalefish species include the MSF, Southern Zone Rock Lobster Fishery, Northern Zone Rock Lobster Fishery, Miscellaneous Fishery, Lakes and Coorong Fishery, Gulf St Vincent Prawn Fishery, Spencer Gulf Prawn Fishery, West Coast Prawn Fishery and Blue Crab Fishery. All fisheries with access were included in the initial allocation process where shares of the fishery were allocated to each fishing sector in the [Management Plan for the South Australian Commercial Marine Scalefish Fishery](#).

The report of the IAAP considers the allocation of ITQ units to licence holders in fisheries other than the MSF. The Panel's recommendations include:

- ITQs for priority species should be allocated to Option C endorsed licence holders in the rock lobster fisheries on catch history only above a minimum catch of 50 kg using the same reference period as MSF licences.
- No ITQs for priority species should be allocated to the Spencer Gulf, Gulf St Vincent and West Coast prawn fisheries.
- No ITQs for MSF priority species should be allocated to MSF endorsed licence holders in the Lakes and Coorong Fishery.

It is proposed any future transfers of quota entitlements are only permitted to be made to MSF licences. This would mean licence holders in the rock lobster fisheries who are allocated ITQs for priority species could take those catches using their ITQs and Option C entitlements but they would not be able to accumulate any additional quota for these species or transfer the ITQs to other rock lobster fishery licences.

Participants in other fisheries who wish to increase their catches of priority species in the MSF should become a licence holder in the MSF. It would also mean licence holders in other fisheries with some level of access to MSF species would not be able to acquire ITQs for priority MSF species on those licences. It is proposed MSF species without ITQs could continue to be taken in accordance with existing rules and regulations. These changes would aim to rationalise access to the MSF over time and improve the efficient management of the fishery.

What do you think about the proposal to restrict transfers of quota entitlements for priority MSF species to MSF licence holders only and retaining the existing access arrangements for other species? Complete the online feedback form.

The costs of on-going management and licence fees

Implementing reforms in the MSF will impact on the management program and associated costs of services in a number of ways. The fishery will continue to be managed in accordance with the PIRSA Cost Recovery Policy which requires licence fees to fund the services related to commercial fishery management costs.

The impact of the reform on future management costs will depend on a number of factors such as the change in fisheries research and stock assessment services resulting from a shift to a quota management system, the type of quota monitoring and reporting regime implemented, and the extent to which existing regulations and licence conditions can be reduced.

A component of the reform package is funding of up to \$2.51 million to support management services and to constrain individual licence fee increases to CPI only for a four year transition period while the number of licences is reduced and new arrangements implemented.

An example of the expected change in individual fees after the four years and with the expiry in 2023/24 of the current licence fee (snapper) subsidy, is provided below. The fees estimated for 2024/25 represent a return to full cost recovery and assume status quo management, science and compliance programs. However, as noted above, it is expected the science and compliance programs are likely to change in consultation with industry.

Table 1: Current (and future estimated) total management program costs.

	20/21	21/22**	22/23	23/24	24/25
Science	\$890,573	\$912,837	\$935,658	\$959,050	\$983,026
Compliance	\$1,309,191	\$1,341,921	\$1,375,469	\$1,409,856	\$1,445,102
*Management	\$310,060	\$317,812	\$325,757	\$333,901	\$342,248
Total	\$2,509,824	\$2,572,570	\$2,636,884	\$2,702,807	\$2,770,376

*Management costs include: Directorate, Leasing and Licensing, Legislation and Policy.

**An indexation rate of 2.5% has been applied to determine an estimate for Science, Compliance & Management Costs

Table 2: Current and estimate of future annual licence fees (note these figures are not apportioned by base fee or quota units).

	20/21	21/22	22/23	23/24	24/25
Line base fee	\$2,886	\$2,958	\$3,032	\$8,659	\$12,593
Net fee*	\$5,196	\$5,326	\$5,459	\$9,595	\$22,283

*Net fisher pays both a base fee and the net fee; note without the current licence fee (snapper) subsidy, the line base fee would have been \$5,894 in 2020/21, \$6,041 in 2021/2022 and \$6,192 in 2022/23. 2.5% has been added to the 2021/22 and the 2022/23 years to determine an estimate.

The calculation to determine current licence fees is complex; it is likely to change substantially following the reform of the fishery and as quota units apply to priority species.

The estimates as set out in table 2 are based on the assumption management fees will be split equally amongst fishers. However, management costs may be apportioned away from 'base' and 'net' fees with some component attributed against quota units in the fishery. This would mean the more quota units an individual holds, the higher proportion of the costs of management they pay. Likewise, as the Voluntary Licence Surrender Program will remove licence holders from the fishery, the fees are expected to increase for each individual licence holder compared to before the surrender program. The method for attributing cost recovered licence fees within the fishery will be determined in consultation with the industry before it takes effect in 2024/25.

The above estimate in table 2 also assumes the number of Rock Lobster Fishery Option C licences remain the same in the fishery. If a number of these licences are surrendered from the fishery, then fees will increase further.

Support services available to industry

Family and Business Support (FaBS)

South Australian fishers, their families and businesses affected by the reform can access help through the Family and Business Support (FaBS) Mentors program. FaBS Mentors have experience and understanding in dealing with difficult issues. They provide an informal, independent and an understanding platform to fishers affected by the reform. FaBS will listen and help you find ways to manage your situation. They can help provide connections to services including: financial counselling; local health networks; emotional wellbeing and counselling services; government and non-government assistance; and community organisations and assistance.

If you or someone you know needs help connect with a FaBS Mentor for a free, confidential chat, please call:

- Helen Lamont: 0409 885 606
- Colleen White: 0409 388 649

Rural Financial Counselling Service

Rural financial counsellors are available to support fishing enterprises experiencing, or at risk of, financial hardship. They can help you understand your financial position and the viability of your enterprise and develop and implement plans to improve your financial situation. It is a free, confidential service that provides individual support to help you make decisions for your business.

As part of their service, rural financial counsellors can also help you to:

- identify your financial and business options
- negotiate with your lenders
- identify other assistance schemes

Rural financial counsellors can also refer you to other professional services, including accountants, agricultural advisors, education, or mental health services.

The program is delivered through Rural Business Support. You can contact Rural Business Support by calling 1800 836 211 (Freecall).

Consultation and feedback

Licence holders are invited to provide feedback on the information in this paper by 18 September 2020. Feedback will be considered as part of future refinements to the MSF reform process.

Please complete the online feedback form via www.pir.sa.gov.au/fishingreform

Alternatively, you are welcome to provide a written submission via email to MSF.Reform@sa.gov.au or post to:

PIRSA Fisheries and Aquaculture
GPO Box 1625
ADELAIDE SA 5001

PIRSA will also undertake regional site visits in late August and early September to enable individual licence holders to provide direct feedback. Further information on these visits will be provided to licence holders.

Next steps

In October 2020, the Minister will make decisions about the matters addressed in the Stage 1 and Stage 2 information released as part of the MSF reform consultation process with industry, including the method for allocating ITQs of priority species.

An 'exceptional circumstances' process will commence on 1 November 2020 for those fishers who feel the allocation formula did not adequately take into account their circumstances.

Offers for the Voluntary Licence Surrender Program must be submitted by 13 November 2020, noting that the program will close earlier if the funds allocated for this purpose are exhausted before this time.

DATE	ACTION
25 May 2020	Voluntary Licence Surrender Program commenced
23 June 2020	Stage 1 information release
13 August 2020	Stage 2 information release: <ul style="list-style-type: none"> • proposed method of allocating ITQ units to licence holders • a compliance program to ensure integrity of the quota management system • a research program to support ecologically sustainable management of the fishery under a new management framework • co-management arrangements • red tape reduction process • proposed decisions on key management issues Industry consultation on these proposals begins
Late August 2020	Indicative individual quotas provided to each licence holder
18 September 2020	Industry consultation for Stage 1 and Stage 2 information ends
Early October 2020	Final Ministerial decision about Stage 1 and Stage 2 information published Revised indicative individual quotas provided to each licence holder
1 November 2020	Exceptional circumstances process (previously referred to as 'appeals') opens
13 November 2020	Offers for the voluntary surrender of licences close
31 November 2020	Applications for exceptional circumstances close
Early 2021	MSF Management Advisory Committee nomination and appointment process
1 July 2021	New management arrangements commence

Appendix A: Report of the Independent Allocation Advisory Panel (IAAP) on priority species in the Marine Scalefish Fishery

A copy of the IAAP's report can be accessed here: www.pir.sa.gov.au/?a=368967

All Enquiries

If you have any questions on the MSF reform process, please contact:

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Primary Industries and Regions SA (PIRSA)
GPO Box 1625, Adelaide SA 5001
Email: MSF.Reform@sa.gov.au

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For more information visit www.pir.sa.gov.au/fishingreform

Marine Scalefish Fishery Reform – Stage 2 Information

Information current as of August 2020

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