

Commercial Marine Scalefish Fishery Reform Advisory Committee

Meeting #5 – 23 October 2019

Background

The Commercial Marine Scalefish Fishery Reform Advisory Committee (CMSFRAC) held its fifth meeting on 23 October 2019 to develop a set of recommendations on a reform package to the Minister by end October 2019.

Consideration was given to the feedback and submissions received following the publication and distribution of the Committee's discussion paper to all marine scalefish fishery licence holders prior to seven regional port meetings conducted by PIRSA with industry during September 2019. The Committee also received a report from the Marine Fisher's Association on the outcomes of their MSF Reform Forum held the day previous on 22 October 2019 that was presented and discussed as part of the morning's proceedings. This included views from industry on buy-out prices that it considered would be likely to deliver a successful rationalisation of the fishery.

The Committee is required to report to the Minister by end October 2019 on recommendations for key reforms to modernise the management framework relating to the commercial harvest of marine scalefish species. As per the approved Terms of Reference for the Committee the recommended reforms must promote effective, efficient and sustainable fisheries management, efficient industry operation and prevent over-capitalisation in the fishery.

Discussion on feedback from industry

The Committee was advised that approximately 230 Marine Scalefish Fishery licence holders collectively attended the seven regional port meetings held by PIRSA during September 2019

which represented about a 75% attendance rate across the sector. There were 139 Feedback Forms received on the Consultation paper and 21 individual submissions (including a petition signed by 72 MSF licence holders against ITQ management – 18 net and 54 line) which were summarised and presented to the Committee by PIRSA.

The Committee was provided a synopsis of the regional meetings and an assessment of individual feedback forms and submissions which identified both points of agreement and concerns over the proposed reform process. There was general support expressed in this feedback for the 7-step process outlined in the discussion paper (voluntary licence surrender, management zones, recommended biological catches, tiered regional management, allocation of share units, supported trading system, autonomous adjustment) as a logical step-wise chronological procedure for addressing the components of the reform, but a lower level of agreement on how each step would be effected.

Regionalisation

The feedback from both the regional meetings and feedback forms supported the proposition that the management of primary species should follow a **regional** structure that best represents both stock boundaries and fleet dynamics. The preferred option for regional management was Option 1 in the discussion paper with four regions across the South East, GSV/KI, Spencer Gulf and Lower Eyre Peninsula, and the West Coast. MSF licences. There was also a strong view expressed that licences should retain access to all State waters other than to identified “Tier 1” highly managed regional stocks which would require licence holders to have a unitised access allocation (either effort or catch units) for stocks in each region. The committee has provided a recommendation on this key issue in its report to the Minister.

Rationalisation

In terms of the proposed **rationalisation** and removal of licences it was clear that there was a lot of anxiety among many licence holders about the proposed reform process and a clear preference that government move as quickly as possible to fairly fund a pre-allocation voluntary licence surrender process that enables licence holders wishing to leave the industry to do so early and not participate further in the reform process. The committee has provided a recommendation on this key issue in its report to the Minister.

Unitisation

Noting the predilection towards **unitisation (ITQ or ITE)** management contained in the Government Fisheries Reform Policy Statement, the Marine Scalefish Fishery Strategic Review completed in 2016, the 2016 Commonwealth Productivity Commission Report and this Committee’s own Terms of Reference and the need to drive improved profitability and stock sustainability levels in the fishery, the Committee agreed that ITQ management would not suit all species/stocks which is why an objective decision making matrix is needed to inform the selection of stocks to be managed under Tier 1. It was also noted that there was a high level of opposition to the application of ITQ (or ITE) management for stocks of principal species (King George whiting, snapper, garfish and calamari) from the West Coast and southern Yorke Peninsula regions in particular which both prefer a modernised input controlled system set to a target catch level. There is a higher but mixed level of support apparent in the gulfs for ITQ management of principal species including from the net sector.

It should be noted here that an Individual Transferable Quota (ITQ) management system was assessed by the CMSFRAC as the high level management option which best met the principles of Ecological Sustainable Development (which is the key objective of the *Fisheries Management Act 2007*) through removal of the incentive to 'race to fish' and by reducing effort creep, restricting the activation of latent effort on primary species, providing greater flexibility to fishers to adjust their business activities and driving economic benefits over the longer term.

Notwithstanding the significant concerns held by much of industry over an ITQ based management system, the Committee also did not support a management system that relied solely on a non-unitised global Total Allowable Commercial Catch (or Effort) as this would simply generate even greater economic inefficiencies and drive down profitability levels by encouraging a "race to fish" between operators. It considered that management of all stocks other than Tier 1 should be by performance management and appropriate input controls with elevation to Tier 1 subject to consultation around the application of a refined decision-making matrix.

There is also widespread concern over the quantum of Total Allowable Commercial Catch (TAC) or Total Allowable Commercial Effort (TACE) that will be set for Tier 1 stocks and the method of allocation of units (either effort or catch) that might be applied, in addition to the increased management costs and resultant licence fees that may apply. This is clearly detail that will need to be provided to industry in the next round of consultation once the government's response to the proposed reform process and associated level of commitment to fund these is known.

There was a strong view expressed in all feedback (both from meetings and submissions) that there was little point reforming the commercial catching sector without improved assessment and equivalent catch control on key MSF species by other commercial sectors and the recreational fishing sector in particular. The Committee strongly supports the Minister's recent announcement to conduct a detailed recreational fishing survey and to form a new Management Advisory Committee underpinned by robust scientific assessment to ensure integrated management across all sectors sharing the resource.

The Committee also received submissions and presentations from the West Coast Professional Fishers Association (proposing an effort unit system on King George whiting that is transferable between operators within season), the Southern Yorke Peninsula Professional Fisher's Association (indicating high level dissatisfaction with the reform process, the lack of information provided to support decision making and strong opposition to ITQ management system), the Net Fisher's Association (showing strong support for most aspects of the proposed reform process including ITQ management for Tier 1 stocks and a willingness to commence in isolation of other sectors) and from the rock lobster sector showing options for the integrated management of that sector's access to the MSF.

It also noted submissions from other catch sectors including -

- The Spencer Gulf and West Coast Prawn Fisherman's Association on bycatch management issues associated with southern calamari
- The recreational catch sector through the Minister's Recreational Fishing Advisory Council (MRFAC) requesting more detail and transparency on setting catch levels,

involvement in a review of the allocation process that considers the results of the planned recreational catch survey and improved communication with the recreational sector on proposed reforms.

The Committee also noted submissions from the City of Victor Harbor and the Copper Coast Council with the latter expressing strong support for TAC/ITQ based management for key species in the gulfs, government funding support for licence buy-out, regionalised stock management, maximum individual quota holdings, allocation-based costs between sectors and a lower base licence fee.

Development of recommendations to the Minister and Government

In the context of the above considerations the Committee considered a report prepared by PIRSA which contained draft recommendations relating to each of the seven steps proposed for the reform process. The feedback received from the consultative process and the draft recommendations provided by PIRSA were considered by the Committee in the preparation of its final advice to the Minister. This included consideration of options and a process for dealing with the integration of other commercial sectors with access to the fishery including the rock lobster and prawn fisheries.

The Committee noted with interest the work being done by the independent economist and BDO/Econsearch to identify and quantify the range of economic and social benefits likely to flow to regional communities from the reform process beyond having sustainable fish stocks and improved social licence and wellbeing in the industry. There are widespread benefits likely to be generated by these reforms including substantial jobs growth that stems from (among other things) improved profitability levels for scalefish operators, greater economic activity from suppliers, and increased commercial and recreational fishing related regional tourism that provides a compelling case for government to invest public funds in the proposed reforms for this fishery. This work is being finalised at present and will be presented to Government after being noted by the Committee and PIRSA.

Finally the Committee noted a proposal from the Chair to cover next steps in the process over the coming 6-8 months including timelines for seeking a government position on the main elements of the reform and in particular the level of funding support to be provided by Government, which is critical for industry to move to the next steps of the reform. The Chair proposed that there would be value in doing more work to refine the decision making matrix for Tier 1 species, and suggested that a new round of consultation with industry in the second quarter of 2020 should include detailed costing and cost-benefit analysis to justify proposed management arrangements for each region incorporating the government response to this report.

The Committee supported a new round of industry consultation once a clear government proposal is able to be put that includes detail on the *proposed process and timelines for allocation and buy-out of licences and (most importantly) the level of government funding assistance to be provided to support these measures*. Following a clear indication of the Government support to be provided to industry, it is proposed that further consultation with industry occurs on the application of a refined tiered management approach and associated

costs and on the anticipated costs and benefits to both the industry as a whole and licence holders individually.

I commend the Committee's recommendations to the Minister, Government and Industry and seek support for this desperately needed reform of a valuable industry sector that will help conserve one the State's most significant and precious shared natural resource systems and provide substantial long term and widespread benefits to regional economies and communities.

David Hall

Independent Chair