**FISHERIES (GULF ST VINCENT PRAWN FISHERY RATIONALIZATION) (LICENCE TRANSFER) AMENDMENT BILL 1995**

**Legislative Assembly, 15 November 1995, pages 508-9**

Second reading

**The Hon. D.S. BAKER (Minister for Primary Industries)** obtained leave and introduced a Bill for an Act to amend the Fisheries (Gulf St Vincent Prawn Fishery Rationalisation) Act 1987. Read a first time.

The Hon. D.S. BAKER: I move: That this Bill be now read a second time.

I seek leave to have the second reading explanation inserted in Hansard without my reading it. Leave granted.

In 1987, the Fisheries (Gulf St Vincent Prawn Fishery Rationalization) Act 1987 was promulgated. The Act provided for six of the sixteen boat fleet to be removed from the fishery through a licence surrender/buy-back arrangement. Money was borrowed from the South Australian Government Financing Authority (SAFA) to pay compensation to those leaving the fishery. The mechanism for repayment is by way of a surcharge on those licence holders remaining in the fishery. Initial repayment of the debt by licence holders was minimal, then suspended due to dissent about the capacity of licence holders to actually pay, followed by a number of reviews. Repayments resumed during 1994/95 when the fishery reopened after being closed for almost three years. In 1994, the debt was taken over by Treasury and restructured at a more favourable interest rate. The most recent review was undertaken by Dr Gary Morgan in August/September 1995. The recommendations of the review address a number of issues, including licence transfer/amalgamation which could lead to less licence holders operating on a more efficient basis.

Under existing arrangements, a ‘one person-one licence’ policy applies to all fisheries, including the Gulf St Vincent prawn fishery. This requirement is stipulated in the regulations.

It is apparent that there has to be a greater degree of flexibility in the surcharge repayment arrangements so that licence holders can pay according to the value of their catches, which in turn will enable the government to secure repayment of the debt over time.

If the Gulf St Vincent prawn fishery is to remain open, and there are signs that this is feasible, the available catch may not be adequate to meet all licence holders’ operating costs as well as their current debt obligation. Removal of the ‘one person-one licence’ policy would provide licence holders the opportunity to increase their stake in the fishery by obtaining additional licences in order to increase their catch potential. Such a transfer/amalgamation process should provide operators with improved financial flexibility and a more efficient corporate structure. Furthermore, this would provide other interested parties with an opportunity to enter the fishery by purchasing sufficient licences to make a worthwhile investment.

Under the existing provisions of the Rationalization Act, before the Director can approve an application for transfer, the accrued and prospective liabilities attributable to that licence must be paid. However, the Act also contemplates that equal surcharges must apply to licence holders, therefore there is no scope to impose a surcharge on the remaining licences when one licence is transferred, ie all licences including the one that has paid its debt are liable to the surcharge. This particular anomaly would need to be rectified to facilitate transfers of licences. In addition, provision would need to be made to provide for the imposition of a ‘double’ surcharge in circumstances where two licences are amalgamated.

Removal of the ‘one person-one licence’ policy and providing for licence amalgamations can be accommodated by amendments to the regulations. However, the Rationalization Act needs to be amended first so that the surcharge provisions adequately cover situations where licences are transferred and/or amalgamated.

It is proposed to amend the Fisheries (Gulf St Vincent Prawn Fishery Rationalization) Act 1987 to: remove the requirement for a transferor to pay any prospective surcharge liability and to allow the incoming licence holder to assume the debt; and to provide for the adjustment of a surcharge where two licences are amalgamated so that the licence holder assumes the debt attributable to both licences.

I commend the measures to the House.

Explanation of Clauses

The provisions of the Bill are as follows:

*Clause 1: Short title*

Clause 1 is formal.

*Clause 2: Repeal of s. 4*

Clause 2 repeals section 4 of the principal Act. This section currently provides for the transfer of licences in respect of the fishery. The provision for transfer will now be incorporated in the scheme of management regulations.

*Clause 3: Amendment of s. 8—Money expended for purposes of Act to be recouped from remaining licensees*

The clause inserts new provisions dealing with the effect of licence transfers and amalgamations on liabilities for payment of the surcharge. If a licence is transferred, any liability of the transferor by way of surcharge will pass to the transferee. If an amalgamation occurs following a transfer, the liabilities attaching to the two licences concerned will attach to the licence resulting from the transfer and the future liabilities by way of surcharge will be doubled in amount.

Mr CLARKE secured the adjournment of the debate.