Issues for consideration by the SARC identified at a meeting of the Ocean Trawl Working Group held 6 August 2015

Important note: *The issues below were raised by members of the WG as expert individual views for consideration by SARC. They are not considered to be the representative view of any particular group of fishers or shareholders. The issues raised will be considered by SARC in formulating the final recommendations on linkages that will be provided to the Minister for his consideration.*

Comments on linkage recommendations

General issues:

- Nil

Ocean Trawl – Deepwater Prawn:

i) Minimum shareholding

- Some indicated that 20 shares is a good number as a minimum shareholding, to enable/encourage boats to work the resource. The species is short-lived (a year to a year and a half) and the more the stock is worked, the more productive the stock becomes.
- Others suggest the minimum shareholding recommended is fine (25 shares), as some have invested heavily, but further discussion indicated 20 is generally more acceptable.
- Fishers suggested that SARC need to take into consideration the likelihood of fishers from other share classes entering. In the longer term, it would be good to have more fishers (some suggest 15-20 boats – or 15/16 full time 'equivalent' fishers (endorsements) for royal reds).
- There are a number of full time fishers who will fish royal reds part time (e.g.~30 days per year owing to boat size) and given the nature of the fishery, will focus on other activities at other times of the year, so needing to access inshore/offshore and deepwater share classes.
- There will also be a need to be able to control numbers (e.g. a vessel cap) if and when future issues arise with large increases in effort.
- Approach preferred by some was to continue with the current two-tiered management system involving shares (enabling many to access the fishery) and boat licences (to manage the fishing effort of those that do decide to access the fishery).

ii) Boat licences:

- Overall, most did not support removal of the requirement to use licensed boats, primarily on the basis that:
    - Boat licenses have been traded and had a real value and their removal would devalue existing asset, and
    - Boat license restrictions were an effective means of effort control – for vessels greater than 50ft, catching potential increases dramatically.
- Suggestion that vessels be unitised (hull units) for Deepwater Prawn.
- Concern that removal of the requirement for boat licences for boats under 20m means that everyone can then go to a 20m boat:
    - This is dangerous as industry will all have 20m boats.
    - Going to bigger boat sizes puts pressure on stocks.
- Boat capacity can keep the number of large boats limited (and needs to be capped). The more tools we have, the more ways we can control the fishery.

- Others suggested there has to be a policy to upgrade vessels/replace with bigger vessels to enable the fleet to be efficient.
- Suggestion that if an operator wants or needs to be able to upgrade, they should have to buy an existing licence or surrender something meaningful (a licence or shares) to do it.

Ocean Trawl – Northern Fish

i) Minimum shareholding

- Some suggested the increase (to 72 shares as proposed) is too much:
  - It's a gamble because we don't know how quota shares will be allocated/issued (we might not need that many, or may need more). In addition, there is no certainty as to how and if the shares will be used for future quota allocation.
  - If the minimum shareholding bumps are too high there won't sufficient shares available to buy (few shares). The availability of shares will also be reduced because inshore/offshore prawn shareholders will be holding their shares for future (quota) allocations if whiting and flathead go to quota, further reducing the availability of fish trawl shares for the true fish trawlers.
  - The cost is too high, and the largest bump in shares is required later when there's no money available (i.e. after the exit grant).
  - Can't see how there will be sufficient gains to justify this investment at the moment.
- Suggestion that northern fish trawlers should finish up with 11 full time fishers & 11 part-time fishers (22 endorsements/boats).
- Suggestion that if an increase in minimum shareholdings is implemented, the increase should be done in one go (come up to some number of shares) – this would take advantage of the exit grant.
- Mention that there is no sustainability issue currently with the catches taken by the number of fishers/boats currently operating.

ii) Catch quota:

- Generally no support for quotas.
- Quota is a high cost management arrangement. We have limited turn over boats, so just can't afford it:
  - Costs to get the quota mean that I'd need to catch more fish to cover costs, which means keeping bigger fish (profitable fish) and dumping smaller fish.
  - This promotes dumping some species of lower value to focus on higher value species, and so is also a sustainability issue.
  - Buying shares is ok (minimum shareholdings), but with quota it's ongoing in terms of management fees, and the need to obtain enough quota to remain viable and so some fishers believe they will become unviable under this recommendation.
- Uncertainty over Independent Allocation Panel (IAP) process (and allocation criteria) and concern about what the Total Allowable Commercial Catch (TACC) will be, what share will be allocated to different sectors.
- Seasonality issues that impact on quota needs – in some areas product is more constant (Commonwealth SESSF), but in northern fish trawl fish species availability is more variable, and so investment in quota will need to be higher so as to cover the range of species necessary for viable operation.
- Concern was raised about the Danish seiners (a resource sharing issue) who can fish more selectively than with trawl gear – some fishers would like this recognised as being a different gear type in the way in which it is managed. An example was provided of 30 tonnes of red spot whiting being taken for a full year by one fisher, compared with a Danish seiner that on one day can catch 20 tonnes, and has potential to fish 12 months of year. It is inequitable

that the Danish seiner can come into the fishery and catch 20 tonnes/week, while trawlers are being limited. Danish seiners are the issue, they need to have a catch cap/input control.

- Trawl operators feel they are already limited by weather (limits days), and the number of operators available, because it's only viable to fish share classes for a few months each year – there is a need for some operators to be able to shift effort between trawl share classes through the year, particularly in areas at the limit of the range of various stocks. Focussing on one share class full time would put increased effort on certain stocks.
- Best method of management for the fishery is already in place. Can't see the benefit for the anticipated cost of going to quota. Currently fish trawl is sustainable.
- Quota isn't working in other multi-species fisheries (south east trawl). Quotas are good for single species, but don't think it will work in these multi-species fisheries.
- Only thing quotas are good for is latent guys intending to leave (and sell) or lease quota. Some will need to lease quota as can't afford to buy it.
- Suggestion (if forced down this path) that all vessels be unitised, and an investment warning to go out so that people don't invest and expect quota from this. This places us in a better position so that we can go down the path that the Commonwealth went, working out the proportion of catch history vs unitisation in allocating quota or other effort in the future if needed.

iii) **Boat licences**

- As per Deepwater Prawn.

Ocean Trawl – Inshore/Offshore Prawn:

i) Minimum shares to stay at 40 shares

- If managing endorsement numbers through minimum shareholdings was the only management arrangement for inshore/offshore prawn trawl then the minimum number of shares would need to go up. But if an effort (days) regime comes in as well, then the minimum can stay as it is, at 40 shares.
- There is some advantage to putting it up a little, to encourage more sellers and the availability of shares. Suggestion for 60 shares. Some suggest go up to 65 shares. Downside is that it increases costs. Others disagree.

ii) Hull unit days:

- General agreement.
- Of note though there needs to be some consideration around the allocation of new effort shares considering that there are 3 groups to be considered: (a) some licences have already been allocated maximum hull units; (b) some licensed boats have never been unitised; and (c) for others the units were temporarily removed to allow for the boat to be upgraded for use in sectors other than offshore prawn (including fish trawl, deepwater prawn, inshore prawn and trap and line).
- Original licences were unitised and then unitisation was removed and some bought bigger vessels; boats need to be re-unitised and a warning put out so others don't do the same.
- There is a risk of investment in vessels based on idea that unitisation may happen. Again suggestion was made than an investment warning for vessels that have inshore only be made, so that people are kept safe.
- In response to a question regarding the use of VMS or phone in reporting processes DPI clarified that smart phone app as per Spanner Crab (not VMS) is currently proposed.
- Comment that hull units used to be the asset – it was noted by the SARC that the current intention was that these would be factored into new effort share allocation.

- Currently maximum of a 20m for the fishery (unless licence has an exemption code), each offshore licence has associated hull units currently. In the past there was a maximum 70m hull unit limit, but there has always been some offshore prawn boats that are bigger. Suggested that a cap needs to be placed so that larger hull unit boats don't come in.
- Concerned about fishers who have spent money to use 55m of net, and now the proposal suggests others can do the same. Counter suggestion was that net was allocated on the basis of the hull units, and hull units would be factored into the new shares.
- The 33m and 55m headline net length needs to be clarified in draft recommendations, there's some confusion over whether you have to use the shorter net inshore. It was clarified by the SARC that the current proposal is to remove the three sets of rules, and replace them with one set, a standard 55m.
- Some concern about upgrades to engine power in the past that resulted in loss of net length.
- Some fishers would be upset if recent history is used for catch quotas given the unfair advantage to those who have been using illegal horsepower.
- Concern about the small vessel live prawn fleet – they won't get enough nights to cover what they do, they work in small volume that is profitable. These variations need to be considered, as they are active and profitable and need to stay viable and not be forced out as a consequence of the reform.
- Concern that fishers who target prawns will use their nights and then move into the fish trawl sector.

iii) Catch quotas:

- Concerns as identified above for Northern Fish.
- Concern that fishers who target prawns will hold shares as they think they'll get fish quota from it, and vice versa.
- Suggestion that if you hold under the minimum shares you can't lease shares.

iv) Remove engine restrictions

- Generally OK with this recommendation given the difficulty of enforcing engine power (licence specific or a maximum of 400Hp). But there is a difference in opinion, as some have invested to upgrade and this removal will lead to inequity issues for some fishers.

v) Apply standard 55m headline length

- Ok. No need to go higher.

vi) Remove boat licences

- No, leave as is as per previous discussion.

vii) Remove inshore/offshore shares

- Ok.

<u>Exit Grant issues</u>

- Shares have been trading at high prices for Deepwater Prawn, concern that the exit grant is targeting people who aren't working.
- Concern that boats and gear should be included in the exit grant/pay out. If businesses are paid out that's good, but then there's no one to buy these other assets that go with the business.
- Concern about how shares get divided between buyers, and can they be equally distributed between shareholders at a set price. Can buyers sway the market?
- Suggestion was made that fishers contribute to a fund and that would pay out people who wanted to go.

- Need more money to ensure the exit grant is successful.
- Concern over timing of exit grant & IAP process not aligning. Concern also that people won’t put shares into the process, they may hold onto them in the case quota comes in. Also, won’t be money available when it’s needed.
- Suggestion that low interest rate loans are needed.
- Suggestion that the exit grant needs to be run asap.