Department of Primary Industries

COMMERCIAL FISHERIES REFORM

Summary of reform options for the NSW Estuary Prawn Trawl Fishery

Reform program

Five of NSW's major commercial fisheries are currently undergoing reform that aims to give greater meaning and value to commercial fishers' shares, by creating a stronger link between the shares and their access to the resource. It also seeks to improve efficiency by streamlining some of the current fishing restrictions, among other things.

The following information summarises the main options for the Estuary Prawn Trawl Fishery (EPTF). Additional detail on each of the options is included in the full options paper.

Option 1: Linking shares to endorsement numbers

To be eligible to fish in one or more sectors of the EPTF a minimum number of shares must be held, which then entitles the holder to an endorsement. There are three classes of shares in the EPTF, each with a corresponding endorsement:

- Clarence River prawn trawl shares.
- Hunter River prawn trawl shares.
- Hawkesbury River prawn trawl shares.

Option 1 involves managing catch/effort by actively managing the number of endorsements in the fishery. This is achieved by applying *minimum shareholdings*.

The two main steps include identifying a maximum number of endorsements for each share class and then increasing the minimum shareholdings until the maximum number of endorsements is reached.

Managing endorsement numbers is a relatively crude approach to managing catch and effort and does not necessarily deliver shareholders the security of access that they sometimes seek. It is

however a relatively simple and inexpensive system for government to implement and administer.

Maximum number of endorsements

The maximum number of endorsements proposed for each sector of the EPTF are shown in Table 1. They are based on recent (2009/10 to 2011/12) participation levels, other than in the Clarence River where a five year period was used (2007/08 to 2011/12) due to severe flooding during this period.

Table 1. Proposed maximum number of endorsements

Share class	Current number of shareholders	Current number of endorsements	Proposed maximum number of endorsements
Clarence	92	77	52
Hunter	27	27	18
Hawkesbury	56	53	31

Minimum shareholding requirements

A two-stage approach is proposed involving an initial increase to the minimum shareholdings followed by a smaller increase approximately 12 months later.

The two-stage process aims to reduce financial burden on shareholders during this period of change. The timing of the initial increase also aims to capitalise on the lower market price for shares expected around the time of the exit grant process.

The minimum shareholdings have been calculated based on the maximum number of endorsements proposed above and the total number of shares in each share class.

Table 2 summarises the proposed minimum shareholding levels and the dates by which they would need to be met.

Table 2. Option 1 proposed minimum shareholding levels

Share class (total no. of shares)	Minimum shareholding to be met by 1 July 2015	Minimum shareholding to be held by 1 July 2016
Clarence (15,430)	229 shares	293 shares
Hunter (2,800)	130 shares	149 shares
Hawkesbury (8,490)	221 shares	267 shares

Proposed changes to current restrictions under Option 1

The larger list of proposed changes is available in the full options paper. Some examples include:

- Removing the requirement for boats under 10 m to be licensed, saving ongoing licence fees.
- Re-opening Throsby Basin, Hunter River.
- Re-opening Broken Bay on weekends at night time only (sunset to sunrise) to minimise risk of direct interaction with other users of the waterway.
- Providing for new net configurations to be used, some elements of which have recently been demonstrated to improve catches, reduce drag (fuel use) and reduce bycatch, including:
  - multiple nets;
  - smaller mesh (subject to net taper); and
  - new maximum headline lengths.
- Additional species for byproduct lists in each river.
- Lower prawn count of 150 per ½ kg for the Hunter.

Main advantages of Option 1

- Simple, and administratively the cheapest.
- A very direct and effective tool for delivering market-based adjustment to an agreed level.
- Reduces (but does not eliminate) the risk of inactive endorsements re-entering the fishery.
- Easier to replace or upgrade boats.

Main disadvantages of Option 1

- Little additional security of access to resources within the fishery – competition between shareholders remains an issue.
- No opportunity for fishers to customise their access or fees.
- Shareholders are forced to invest from time to time, rather than when they choose.
- Total investment can be significant, particularly for those with diverse shareholdings and needing to invest in multiple share classes.
- Limited ability to respond to species specific sustainability or resource sharing issues.
- Optimum asset (share) values are unlikely to be realised.

Relative cost of Option 1

It is expected that the cost of implementing and monitoring this option would be lower than for Option 2.

Option 2: Net length day regime

This option involves an initial small increase to the minimum shareholdings before transitioning to a delayed (i.e. 2016) 'net length day' regime.

Minimum shareholding requirements

The proposed minimum shareholdings are set out in Table 3. They aim to stimulate shareholders, including those who hold the maximum original allocation, to make an initial decision about whether to make a small investment and remain in the fishery or transfer shares to others. It is a transitional step to a more refined 'net length day' regime.

Table 3. Option 2 proposed minimum shareholding levels

Share class (total no. of shares)	Minimum shareholding to be met by 1 July 2015	Minimum shareholding to be held by 1 July 2016
Clarence prawn trawl (15,430)	165 shares	n/a
Hunter prawn trawl (2,800)	110 shares	n/a
Hawkesbury prawn trawl (8,490)	165 shares	n/a

Increasing the minimum shareholdings soon after the exit grant process should capitalise on the lower market price for shares expected around that time.

Net length day regime

The net length day regime is an effort control that involves indirectly managing catch by governing the size of nets that may be used and number of days that may be worked each year.

Under this scheme, shareholders using larger nets consume their effort quota at a greater rate than shareholders using small nets.

This, together with the changes proposed to net configurations, aims to provide shareholders with opportunities to maximise efficiency – less operating cost for the same or a greater return.

A 12 month fishing period, commencing 1 July, is proposed. Effort quota would be allocated to shareholders at the beginning of each fishing period, proportional to the number of effort shares held. The quota could be used or transferred to other shareholders to use.

Table 4 shows the proposed Interim Total Allowable Catch and Effort Levels (ITCALs).

Each shareholder's portion of the ITCAL would depend on the number of shares they held relative to the total number of shares in that share class. That is, if 4% of the shares are held by a shareholder, 4% of the ITCAL would be allocated to them. This can also be worked out on a 'per share' basis.

Table 4. Proposed ITCAL and net length days per share

Share class	Net length days	
	ITCAL	Per share
Clarence prawn trawl	88,121	5.71
Hunter prawn trawl	16,089	5.75
Hawkesbury prawn trawl	57,727	6.80

To calculate how many days a shareholder could work per year under these ITCALs, multiply shareholding by the 'per share' amount, and then divide it by the headline length the shareholder wishes to use. Some examples for the Hunter:

- 150 shares × 5.75 ÷ 11 metres = 78 days
- 150 shares × 5.75 ÷ 15 metres = 57 days

Ensuring the integrity of the access right

It is proposed that to monitor the usage of effort quota, fishers would need to report their intention to go fishing on the days they fished. This would decrement an appropriate amount of quota. The FishOnline system would provide real-time quota balances and allow online transfers, like when doing internet banking.

Proposed changes to current restrictions under Option 2

The same changes proposed under Option 1 also apply to this option, noting that opportunity to use extra headline may be all that is needed to use twin, dual, triple or quad gear to improve efficiency and profits.

Main advantages of Option 2

All the advantages associated with Option 1, with added security that all fishing effort is already accounted for and new effort cannot simply start up or ratchet up over time in direct competiton with the active fishers.

- Improved control over total fishing effort.
- Shareholders can customise their shareholdings to suit their preferred access level and fee liabilty.
- Shares become the primary management tool, as originally intended.
- Improved community confidence that effort can be more effectively managed.

Main disadvantages of Option 2

- Higher costs to implement relative to Option 1.
- Fishers would need to report their intention to go fishing on each fishing day.
- Higher effort operators may need to invest in more shares than lower effort operators.

Relative cost of Option 2

It is expected that the cost of implementing and monitoring this option would be higher than for Option 1.

Have your say

Feedback is being sought on the options presented in the EPTF options paper.

A submission form is available to assist in providing a submission, however they can be provided in any format.

The closing time for submissions is 8am on Monday 19 May, 2014.

Details on how to lodge a submission are included in the full options paper.

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