Issues for consideration by the SARC identified at a meeting of the combined Ocean Trap and Line and Spanner Crab Working Groups 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:

- It was suggested that the original options papers were all about sorting out latent effort but SARC have taken a completely opposite approach for Line West (LW) & Fish Trap (FT) in the draft recommendations so there is minimal latent effort removal.
    - why has SARC taken such a soft approach for LW and FT when original options were so severe?
    - There was concern that this is too soft and doesn't meet the objectives.
    - Concern that this is not consistent with the approach in other share classes where effort or catch is going be capped.
    - Concern that 10 share increase in minimum shareholdings doesn't increase viability or security Industry is sceptical of a small increase in minimum shareholdings and would like the SARC to guarantee that there will be no further increases in the future.
    - Note that the soft approach is not bad.
- In response to these concerns the SARC indicated that the objectives of reform included removal of latent effort but also economic viability. SARC also stated that the original papers were options, suggestions for discussion only. The SARC's draft recommendation for LW and FT reflected its consideration of feedback received on the options as well a closer analysis of the economic impact of the options and the extent to which these could be addressed by the exit grant.
- Concern about the effect of draft recommendations on multi-endorsed fishers who all have to buy shares in many/all share classes. Concern that doing this would make many of them unviable.
- Concern that capping effort (generally) doesn't promote industry growth.
- Questions were raised about the independent allocation panel: who will be on the panel? Who will it report to? The SARC advised that this was an issue for the Department to address.

Ocean Trap & Line – Line Fishing eastern zone:

i) Minimum shareholdings

- No disagreement to draft recommendation.

ii) Species catch quotas:

- Acknowledgement that quota is the best linkage option (gives long-term value) but very concerned about the cost of achieving this and about the long-term period of uncertainty (2018-2020) to reach that point.
- Concern over the Independent Allocation Panel (IAP) criteria (catch history vs shares, and what years of data will be used), in determining quota allocation.
- Concern over timing as it doesn't align with the exit grant process. There is a big gamble on whether active fishers will be allocated enough quota. If not, and some fishers want to exit, the exit grant process will already be over.
- Concern that management costs and the basis for cost recovery are unknown. There is a fear that the cost of moving to species quotas will be high and so leads to uncertainty about viability of businesses.
- Concern that a solid right (quota) isn't set in stone as environmental/sustainability concerns influence catches. Other limits could still be implemented e.g. daily trip limit for Pink Ling in Commonwealth fisheries.
- Accuracy of catch records is also a concern. It was suggested that some fishers are now fishing hard to boost their catch history and there may be cases of falsifying catch records. There is an issue with accountability in catch records and a need for a qualifying period for considering catch records such as prior to the announcement of the reform since some data may have been falsified since the announcement.
- Support for the removal of the daily trip limit for gemfish, but suggestion that this species could be managed in other ways e.g. weekly limits.
- Acknowledged that under the draft recommendation most of the quota would end up in the south coast if allocated on catch history.
- It was suggested that Line East fishers on the north coast were concerned about a shift in effort into non-quota species.
- It was suggested that if there was enough quota was allocated to those fishers who are active and viable then the SARC draft recommendation would be feasible.
- It was raised that under species quota regimes discarding and high grading of fish become an issue.
- It was suggested that the 3 species of Perch listed for quota be grouped into a perch basket quota if implemented.
- Alternative options for management such as competitive TACs were suggested as not being feasible. It was generally agreed that trip limits are unworkable.
- There was a suggestion that SARC leave this share class as it is, allow LE fishers to keep operating under trigger points and address issues if they arise.

iii) Additional 1200 hooks for each 40 shares held above the minimum

- No disagreement to proposal. Suggested that hook numbers are hard to police since gear is bottom set. Also difficult for Compliance Officers to count hooks on boats. It was clarified that this proposal is a simplification of the current management arrangements.

Ocean Trap & Line –Line Fishing western zone:

i) Minimum shareholding

- Some fishers have no opposition to increasing minimum shareholdings by 10 shares; but other fishers can't see why they need to buy another 10 shares to do what they are doing now.

- It was suggested that if the minimum shareholding was raised to 50 shares then it should also be linked to 365 days so that if there is a later restructure, fishers don't have to buy their job back.
- Concern that there is no gain to fishers by increasing the minimum shareholding. There seems to be no benefit for the negligible loss of fishing businesses (FBs) under this arrangement.
- Concern that this won't be the end of it. Industry is very sceptical that the minimum shareholding won't creep up through time.
  - SARC reiterated that there is no hidden agenda and noted that part of the rationale for the small increase in minimum share holdings was to provide access to the exit grant for any LW fishers that may want to exit the share class
- Some suggested that there has recently been a big effort blow out from the leasing of FBs for catching bonito and blue swimmer crabs. It was suggested that latent licences are being activated through leasing in part as a result of the draft recommendation that blue swimmer crabs go to quota.
- There was concern that, due to tighter draft recommendations for estuary fisheries, that those fishers that predominantly worked in the estuary may activate previously latent LW endorsements.
- SARC acknowledged that they received a written submission from a working group member.

Ocean Trap & Line – Demersal Fish Trap:

i) Minimum shareholdings

- There was some suggestion that that there is no additional benefit with an increase in minimum shareholding. Rather, it was suggested that there should be a buy-out of latent shares in LW & FT to ensure that latent effort doesn't start to increase (more of an issue for LW than FT).
- Some suggestion that latent effort activation in FT isn't much of a concern due to the cost of gear, overheads, and the knowledge needed.
- Concern that lessees have no accountability – they cause conflict and have no real losses other than small fines if they are caught breaking the rules. Some would like to see leasing stopped, but also need to have succession plan so that lessees can transition to become owner-operators. Suggestion that low interest rate loans could be used to help current lessees move towards owning their own business rather than leasing them in OTL.

ii) Additional 10 fish traps for an additional 20 shares above the new minimum shareholding

- Some fully support this recommendation. Most fishers won't need this as they don't need additional traps. It was clarified that this proposal is a simplification of the current management arrangements.

Ocean Trap & Line – Spanner Crab (south):

- Some agreement for quota in southern zone and then a move to a state-wide share class.
- It was suggested that once quota is implemented then the dilly limits could be removed (or at least raised to 45 as it is in Qld) to increase efficiency however there was some discussion as to the issues this would create such as fishers holding ground with extra dillies.
- Concern that quota implementation will see an increase in compliance fees for the quota as well as the dillies if the limits remain.
- It was suggested that mesh size could be increased to reduce the amount of undersized spanner crabs caught.

Exit Grant issues

- Timing is a concern in relation to the IAP process.
- Some want a straight buy-out to remove latent effort and leave the active fishers alone as they don't agree with the reform process for the LW & FT sectors.
- Concern that there's not enough money.
- Clarification was sought as to whether new fishing business numbers would be issued (after the exit grant process when fishers will have been paid an additional amount for the FB) and LFB requirements into the future.
- It was suggested that if shares are cancelled through the exit grant process then the overall TAC/TAE (the pie) should stay the same but that remaining shareholders should receive a larger allocation.