

SEAFOOD INDUSTRY ADVISORY COUNCIL

MEETING 4: 8 DECEMBER 2005

CONFIRMED MEETING OUTCOMES

**Conference Room, L41 Governor Macquarie Tower
1 Farrer Place, Sydney**

ATTENDANCE

John Roach (Chair), Graeme Byrnes (Deputy Chair), Donna Smythe, Ron Firkin, Jim Drinkwater, Don Johnson, Ron Prindable, Ian Charles, Bill Pearce, Megan Kessler, Stephan Schnierer, Paul Sullivan, Tony Troup and Grahame Turk.

Barry Buffier, Director General, NSW Department of Primary Industries
George Davey, Director General, NSW Food Authority

Grant Johnson, Executive Officer, Seafood Industry Advisory Council

Apologies: Richard Bagnato, Nicholas Georgouras, Barry Buffier (part meeting)

Observers: Anissa Lawrence and Darren Ward

NSW Food Authority

Terry Outtrim Director, Operations

NSW Department of Primary Industries

Renata Brooks	Deputy Director-General, Agriculture, Fisheries and Regional Relations
Anthony Hurst	A/Director, Fisheries Management
Doug Hocking	Director Intensive Industries Development and PRIMEX
Dianna Watkins	Manager, Commercial Fisheries
Glenn Tritton	Manager, Fisheries Compliance
Adrian Toovey	Manager, Fisheries Licensing

COUNCIL AGENDA ITEMS

Business Items

1. The Chairman noted that a revised set of Agreed Outcomes for Council's third meeting on 28 September 2005 had been circulated, which included a new paragraph 14 that noted the briefing provided on the proposed amendments to the *Fisheries Management Act 1994*. Acceptance of the revised Outcomes was moved by Bill Pearce and seconded by Ron Firkin and unanimously agreed to by Council.
2. The Executive Officer presented the Correspondence Report (Attachment 1).

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3. Members were briefed on the items arising from Council's third meeting. Members noted that Lisa Corbyn, Director General, Department of Environment and Conservation had written to advise that the Department of Environment and Conservation will consider these issues raised by SIAC and provide further advice to Council.

[Action: Executive Officer to seek advice from the Department of Environment and Conservation on the issues of beach access and the proposed Brooklyn / Dangar Island sewage outfall]

4. Grahame Turk requested an update on the DPI's investigation into the potential marketing of protected species caught legally in other States/Territories, noting that this matter had been unresolved for some time. DPI advised that this issue is continuing to be assessed and would provide further advice at the next Council meeting on the outcome.

[Action: Executive Officer to gain DPI advice and provide to Council]

5. Under Priority Issues, the Chairman noted the work of the High Level Working Group on the development of a strategy for the NSW seafood industry and, the associated meeting with the Director-General DPI and the workshop held on Friday, 2 December 2005 to develop a framework for a seafood strategy.
6. The Director-General DPI advised members that the Steven's Review into the management of fisheries in NSW was nearing completion and that it would provide an important document against which DPI could assess the priority issues impacting on the NSW seafood industry. It is proposed that a copy of the final report be provided to members to inform the Council's work.
7. The Deputy Chairman, Graeme Byrnes, and Anthony Hurst, DPI, briefed Council on the outcomes of the Seafood Strategy Workshop on 2 December 2005, as summarised in Attachment 2.
8. Council unanimously endorsed the recommendations of the Structural Adjustment Working Group, as described in its report for its meeting of 28 October 2005 (see Attachment 3) and as revised in its report for its meeting of the 8 December 2005 (see Attachment 4).
9. Council also resolved that the Minister for Primary Industries be advised that if the agreed outcomes for the Seafood Industry on structural adjustment are to be achieved, a significant contribution from government in terms of resources and capital is required.
10. Council also noted the need to:
 - i. Focus on the removal of latent effort and the appropriate targeted removal of active effort.
 - ii. Determine the sustainable level of catch and to reduce effort to match this level.
 - iii. Formulate structural adjustment criteria to ensure value for money in the buyout process, sustainability of catch, commercial viability, and appropriate efficiency outcomes.
11. Members noted a verbal report from the Pricing and Charging Working Group and agreed to list the written report on the agenda for Council's next meeting,

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while noting that the immediate priority was to progress action on structural adjustment in commercial fisheries.

[Action: Executive Officer to list the Report of the Pricing and Charging Working Group on the agenda for Council's next meeting]

Other Business Items

12. Ian Charles referred to a letter he had received from DPI regarding the use of malachite green and clove oil in aquaculture production and expressed concern regarding its implications. Council noted the concerns, that clove oil is an unregistered product, and that the NSW Food Authority was assisting DPI in this matter and will report to Council on outcomes.

[Action: Executive Officer to track progress in this matter]

13. Council again noted the views of some members about the proposed approach for assessing the environmental impacts of the recreational fishery. DPI officers referred to the previous briefing for Council and advised that the matter is under consideration.

14. DPI provided advice on a product traceability and black marketing operation to be carried out in March-April 2006.

[Action: Executive Officer to track progress in this matter]

15. Council noted that representatives of the Seafood Industry Advisory Council and the Advisory Council on Recreational Fishing had met on 7 October 2006 and that they were due to meet again on 9 December 2006 to discuss issues of mutual interest, including structural adjustment of commercial fisheries.

[Action: Executive Officer to list this issue on agenda for next meeting of Council]

16. Members were briefed on the recent Sydney Harbour fishing closures announced in relation to concerns over dioxin levels in prawns and that similar tests were being undertaken for finfish, with the finfish results available early in 2006.

17. Council was advised that the next meeting of the Marine Parks Advisory Council was scheduled for late January 2006.

Meeting closed: 3:35pm

Grant Johnson
Executive Officer
Seafood Industry Advisory Council
9 December 2005

Seafood Industry Advisory Council – Correspondence Report

Correspondence – In

8 December 2005 – Lisa Corbyn, Director-General, Department of Environment and Conservation to Chairman, SIAC, regarding SIAC 3 Outcomes (Access by Ocean Hauling Fishery and the proposed Brooklyn / Dangar Island sewage outfall)

6 December 2005 – Prof Derek Anderson, Chair NSW Fisheries Research Advisory Body, to Chair SIAC regarding Updating Priorities in the Strategic Research Plan

30 November 2005 – Col Gellatly, Chair MPA, to Chairman, SIAC regarding Bateman's Shelf Marine Park

25 October 2005 – Barry Buffier, DG DPI, to Chairman, SIAC, regarding the Richard Stevens Review of Fisheries Management in NSW

19 October 2005 – Anthony Hurst, DPI, to Chairman, SIAC, regarding the Review of Environmental Factors re the SUTS Fishery

Undated – Peter Gallagher, DPI Fisheries to Chairman, SIAC, regarding Recreational SCUBA Diving Fee Discussion Paper

Undated – Barry Buffier, DG DPI, to Chairman, SIAC, enclosing a copy of the DPI Corporate Plan 2005-2008

Undated – Mary Howard to Chairman, SIAC, regarding equity and promotion of commercial fishing in NSW

Correspondence – Out

2 December 2005 – Graeme Byrnes, Chair, SAWG, to Denis Brown

20 October 2005 – John Roach, Chairman SIAC, to Lisa Corbyn regarding SIAC 3 Outcomes (Beach access for the Ocean Hauling Fishery and the Brooklyn / Danger Island sewage outfall)

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Attachment 2

See attached **copy** of PowerPoint presentation

**Seafood Industry Advisory Council
Structural Adjustment Working Group Meeting
Sydney Fish Market Conference Room
Friday, 28 October 2005**

Draft Outcomes

ATTENDANCE

Graeme Byrnes, Darren Ward, Gary Warren, Don Johnson, Bill Pearce, Tony Troup

DPI: Anthony Hurst (part meeting only), Dianna Watkins, Grant Johnson

Invited guest: Steve Griffith, NSW Rural Assistance Authority (RAA)

OUTCOMES

Business Items

1. Members noted the briefing provided by Steve Griffith, General Manager, NSW RRA. Mr Griffith noted:
 - a. The concessional nature of rural assistance funding (eg natural disaster funding is 50% of the NSW Treasury long-term bond rate).
 - b. The desirability on RAA involvement in the development of structural adjustment programs to ensure the maximum effectiveness of assessment processes and guidelines.
2. Members noted the need for commercial fishing to be included within the definition of a "primary producer" to help ensure access by NSW commercial fishers to the full range of government assistance (State and Federal) programs.
3. The Working Group recommended that any buyout program be administered by the RAA.
4. Members endorsed the outcomes from the 28 September 2005 meeting of the Structural Adjustment Working Group (Moved by Bill Pearce and Seconded by Don Johnson). Members agreed that the Chairman would write to Denis Brown thanking him for his attendance as a Deputy for Gary Warren at the 28th September meeting.
5. Members noted that the outcomes of the review being undertaken by Richard Stevens may influence the development of a structural adjustment program.
6. Members agreed that Council should consider two options in relation to seeking industry interest in a voluntary buyout program as proposed at the joint SIAC/ACoRF meeting:

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- a. Option 1: That commercial fishers be requested to submit a conditional tender for the buyout of their fishing business/fishery types/share classes and that this offer be subject to a 'cooling off' period.
 - b. Option 2: That commercial fishers be requested to submit a binding tender for the buyout of their fishing business/fishery types/share classes.
7. Council to consider the need for a business analyst to undertake a study on the potential impact of any structural adjustment program implemented for the harvest sector on the NSW Fishing Cooperative structure and to make recommendations on required adjustment within that sector. Bill Pearce to supply information on previous studies into the structure of this sector and the willingness of the sector to contribute to such a study. DPI to investigate additional funding sources including from the Marine Parks authority.
8. As an immediate priority, the \$3 million available through the Recreational Trust be complemented with matching funding from the commercial harvest sector (collected through a fishing business levy) on terms and conditions acceptable to the commercial industry and government
 - a. That the NSW Government be approached to provide a low interest rate loan to the commercial sector to achieve this objective.
 - b. That the Sydney Fish Market Catchers Trust and the NSW Fishermen's Co-operative Association be approached to provide a contribution to the structural adjustment program.
9. Industry members also proposed that Council approach the NSW Government to provide additional funds to adjust the commercial fishing industry, either as a one off payment or, staggered over a defined period. Noting that depending on the level of adjustment achieved, greater contributions may be available from Industry over time.
10. That the Commonwealth government be approached to provide complementary funding.
11. As a supplementary option, the NSW/Commonwealth governments be approached to provide funding or low interest rate loans to individual commercial fishing businesses, be they harvest or post-harvest to respond to the aims of the structural adjustment program.

It was noted that once sufficient adjustment has been achieved, industry would be in a much better position to contribute to the costs of management, research and compliance programs and to the broader community.

10. The working group emphasised the critical importance of adequate government funds to underwrite a structural adjustment program to restore the viability and profitability of the industry and maintain resource sustainability. The working group noted that, if this does not occur, the only other real alternative to achieve adjustment will be through changes to trading and access rules – this process will be slow and will not resolve the social and economic challenges currently facing Industry, the Community and Government. It was also noted that the capacity of industry to cope/contribute to such adjustment is at this time extremely limited.
11. The working group recommends that a broad framework for adjustment be included in the share management plans to provide some certainty for existing

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and new operators about future management arrangements. Specifically the plans should include objectives, performance indicators and trigger points, and potential management actions that may be introduced to address ongoing or new structural issues. These will include the potential for an increase in the minimum shareholding for new entrants or existing operators.

12. Members agreed that all industry representatives on Council should be requested to bring to the 8th December meeting of Council options for linkages between shares and tradeable effort controls (eg the linking of shares to trap numbers). The aim being to improve individual fisher's income generating capacity through trading in shares at the same time absorbing effort through consolidation of shareholdings.
13. Members agreed that Darren Ward and Gary Warren should be invited to attend the 8th December 2005 meeting of Council as observers.
14. POAG was requested to provide, following its meeting on 24th November 2005, a report on structural adjustment in the NSW oyster industry to the Structural Adjustment Working Group for inclusion in its report to Council.

Other Business

15. Members noted the submission from Bill Pearce on the *Role of the Co-operative in the Commercial Fishing Industry*, and agreed that copies should be distributed to members of Council.

Grant Johnson
Executive Officer
Seafood Industry Advisory Council
28 October 2005

**Seafood Industry Advisory Council
Structural Adjustment Working Group Meeting
The Conference Room, L41 GMT
1 Farrer Place, Sydney
Thursday, 8 December 2005**

Draft Outcomes

ATTENDANCE

Graeme Byrnes, Darren Ward, Don Johnson, Bill Pearce, Tony Troup

DPI: Anthony Hurst, Dianna Watkins, Grant Johnson

Apologies: Gary Warren

Observers: Jim Drinkwater, Ron Prindable and Stephan Schnierer

OUTCOMES

Outcomes

Don Johnson moved and Bill Pearce seconded that the Outcomes for the 28 October 2005 meeting of the Structural Adjustment Working Group be accepted. Members agreed unanimously.

Business Items

1. The following proposals to improve industry viability through the adjustment of the number of fishing businesses is part of a broader structural adjustment approach which includes habitat rehabilitation, improved marketing, product handling, targeted compliance, labelling, and sustainable fishing practices.
2. In light of the needs of the NSW commercial fishing industry and the impact of the \$220m Commonwealth structural adjustment scheme, the \$6m provided by commercial and recreational fishers is inadequate to properly fund needed structural adjustment and should be considered as seed funding only.
3. The use of the \$6m buyout funds provided from recreational and commercial fishers as previously recommended and the additional funds for the two new marine parks, should be used to buyout whole fishing businesses as the first priority (and/or share classes/restricted fishery entitlements) via a voluntary tender process, subject to clear guidelines on maximum purchase price and other criteria (eg sustainability, industry efficiency, value for money) use by the tender selection committee and all allocated funds be used for the buyout including any administrative savings.
4. With regard to the Working Group recommendation of 28 October 2005, that any buyout program be administered by the Rural Adjustment Authority, the working group subsequently amends this recommendation so that such a process should be administered by DPI under the guidance of an independent committee paralleling the Commonwealth arrangements.
5. The future rules for the sustainable operation of each fishery (eg share trading, minimum share holdings, gear requirements, spatial and temporal arrangements, government policy on cost recovery and debt recovery, and

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OCS arrangements) be clearly articulated to industry at the commencement of any buyout process.

6. Structural adjustment target levels based on the status quo:
 - 100% of inactive fishing businesses
 - Target levels of active fishing businesses will vary between regions and fisheries, it is estimated that approximately 50% of active fishing businesses may need to be removed across the state.
7. Appropriate financial assistance must be provided to co-operatives and other post harvest organisations (if affected) to enable them to adjust to the changes in the harvest sector and to achieve rationalisation of the co-operative sector.
8. The principles underlying the above approach should be applied to any future structural adjustment in the wild harvest and the aquaculture industry.
9. The Working Group notes and supports the recommendations provided by Peak Oyster Advisory Group (POAG) regarding structural adjustment in the oyster industry.
10. As a supplement to the recommendation of the 28 October, that “an immediate priority the \$3 million available through the Recreational Trust be complemented with matching funding from the commercial harvest sector (collected through a fishing business levy) on terms and conditions acceptable to the commercial industry and government” if the recommended structural adjustment program is adopted by Government further consideration should be given to industry's capacity to contribute additional funds as part of the structural adjustment program, subject to negotiation on terms and conditions.

Grant Johnson
Executive Officer
Seafood Industry Advisory Council
8 December 2005