

Answers to DPI supplementary questions requested 15/12/2016
Answers 16/12/2016

1. Did the Department seek more funds for the Business Adjustment Package from Treasury? If so, can you advise what was the total amount?

Yes. An additional \$3.85 million has been allocated for assistance as part of this reform plus low-interest loans. This amount is in addition to the \$16 million.

2. Can you provide the economic modelling used to determine the financial components of the Business Adjustment Package?

[Information forthcoming]

3. Why did you seek to link the recent reforms with the seeming success of the rock lobster and abalone reforms, when the former chair of the Structural Adjustment Review Committee gave evidence to the committee that “it is dangerous to compare” other fisheries sector with rock lobster and abalone?

Mr Cartwright cautioned against direct comparison in all aspects between the rock lobster and abalone fisheries and all other NSW fisheries. However, there are many outcomes from these fisheries which are clearly similar in regard to their stronger linkage such as increased value in shareholdings – this is clearly being realised already.

4. What does the Department consider to be the value of the NSW commercial fishing industry?

\$96 million for Gross Value of Production, from *Fisheries, aquaculture and aquatic conservation key highlights and statistics 2014-15* available at www.dpi.nsw.gov.au/fishing/fisheries-key-highlights-and-statistics

\$436-501 million including likely direct and indirect output as per Dr Michelle Voyer et al in *Social and Economic Evaluation of NSW Coastal Professional Wild-Catch Fisheries*, 2016, 15.

5. Why was a probity auditor appointed for the preview phase of the Business Adjustment process but not appointed for the entire process?

The NSW Government’s intention to link shares to effort has been a matter of public knowledge for a number of years. All Structural Adjustment Review Committee meetings were open to the public and have had their minutes published on the internet.

It is important that when money actually changes hands through a Government-run system that appropriate probity mechanisms are in place.

6. Will a different Probity Adviser be appointed for other elements of the Business Adjustment Program?

The NSW Government will ensure that probity principles are adhered to throughout the Business Adjustment Program and where appropriate a probity advisor will be engaged.

7. Will there be a Probity Audit of the Business Adjustment Program conducted in the future?

The NSW Government will ensure that probity principles are adhered to throughout the Business Adjustment Programme.

8. Has the department obtained legal advice on each element of the Business Adjustment Program? If so, who provided the legal advice?

The NSW Government has obtained legal advice on the Business Adjustment Programme. The government claims professional legal privilege over that advice.

9. Has any legal opinion been obtained on the potential impact of the Business Adjustment Program on property rights held by commercial fishers?

Yes.

10. Have you been advised on how many fishers will exit the industry as part of this restructure? Do you know what geographical locations will be hardest hit?

There is no target for how many fishers should exit the industry nor can the NSW Government predict the intentions of individuals to exit or otherwise.

11. How much of a focus is the export market for the Department?

The Government will assist industry to use the strength and security of their improved management regimes a base for growing markets. Whether the focus is domestic or international is a matter for industry

12. Has the department conducted an internal review of the rollout of this restructure? Can that be made available to the committee?

The Minister commissioned an independent review of the implementation of the reform led by Neil MacDonald. His report is attached. The NSW Government's response can be found: http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0011/670763/neil-macdonald-issues-response.pdf

13. What stock assessments are being carried to determine if fishing practices (recreational and commercial) are sustainable? Are these publicly available?

Resource assessments are carried out annually. Reports are publicly available at <http://www.dpi.nsw.gov.au/content/research/fishing-aquaculture>

14. When were the last stock assessments carried out and where?

Resource assessments are carried out annually and are reported through the Status of Fisheries Resources reports. The most recent publicly available assessment is for 2013-14. The assessment for 2014-15 has been completed and will be available soon.

15. If regular stock assessment are not carried out, how can the Department determined whether a fishery is sustainable or not?

Resource assessments are carried out annually and are publicly available.

16. Have you publicly released the McKoy Stokes report?

It was attached to the DPI submission.

17. What feedback has been provided to industry on the mock preview share trade?

Please see: http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0008/689858/Preview-market-summary.pdf

18. How many businesses participated in the mock trial? What were there geographic regions?

There were 452 fishing businesses registered. 244 fishers logged in during the preview market and placed buy bids or sell offers for 281 fishing businesses.

19. Why are fishers now being told the mock trial has concluded, when previously they were told it would be an iterative process?

Details of why the preview round has concluded can be found in the market summary: http://www.dpi.nsw.gov.au/_data/assets/pdf_file/0008/689858/Preview-market-summary.pdf

20. Why wasn't a mock trial, as recommended by Professor Goeree, included as part of the restructure from the outset?

The NSW Government decided to run a preview market in response to ongoing industry requests for more information on the subsidised trading market in response to the Neil MacDonald Report 2016.

21. Why wasn't catch history used as part of the reforms?

Where appropriate, the Government allocated catch or effort quota based solely on existing shares. Aggregate maximum (usually over 10 years) catch and effort reported by fishers to DPI for relevant share

classes was used as a guide to set interim total commercial access levels (ITCALs). This is the total “pie” for each share class. All shares within a share class have equivalent access rights and the ITCALs were divided among shareholders. For share classes where it was not appropriate to allocate based solely on existing shares, the Government will take advice from an Independent Allocation Panel (IAP) about the use of recent fishing activity.

Shares are the primary property right in share managed fisheries, not catch history. To meet the commitment to assist active fishers acquire the shares they need, active fishers (defined as those fishers who recorded at least 1 kg of catch in a share class over a five year period) will be prioritised in the subsidised share market— only they can receive the \$16 million subsidy to buy shares.

Catch history may also be required by the IAP to determine how to allocate shares for new species. Affected fishers will be sent a record of their reported catch to confirm data.

22. When the Department refers to “two-thirds” of the industry are trading shares, is that since July 2016? Or is it two thirds from an earlier starting point? If so, what is the timeframe used to justify the two thirds trading?

DPI reports show that nearly 20 percent of the total number of shares in the five share managed fisheries that are subject to reform have traded since the Minister announced the linkages 31 May 2016.

In the five share managed fisheries that are subject to reform, 68 percent of share classes currently held by fishing business require no additional shares to allow a fisher to fish that share class at the highest level in the last five years.

23. Did recreational and commercial create and sign off on an estuarine management plan in, or around, 1995 in region 7?

DPI Fisheries does not have responsibility for estuary management plans.

24. Was the plan meant to be the forerunner of all fisheries management plans in a share managed fishery

DPI Fisheries does not have responsibility for estuary management plans.

25. Was that plan based on sustainable fishing practices and output controls with various trigger mechanism that could see the plan reviewed.

DPI Fisheries does not have responsibility for estuary management plans.

26. What were the trigger points and how were they established or recognised?

DPI Fisheries does not have responsibility for estuary management plans.

27. Are such triggers points in present management plans?

DPI Fisheries does not have responsibility for estuary management plans.

28. What measures are in place to ensure compliance with the \$20,000 buyout provisions, to ensure an individual fisher cannot re-enter the industry?

Once purchased through the buyout mechanism, a fishing business will not be an administrative unit legally able to hold shares within the fishing business services framework.

In terms of anyone catching fish through the Department’s risk-based compliance approach, if anyone links their catching efforts to that fishing business they will be in breach of the law and be subject to penalties.

As we remove latent effort from a fishery someone wishing to enter or re-enter the system will have to buy-out an active fisher so the total number of active fishers will not have increased. Many fishers have several fishing businesses.

29. What are the penalties for claiming the \$20,000 to exit the industry and then continuing to operate in another business?

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In terms of anyone catching fish through the Department's risk-based compliance approach, if anyone links their catching efforts to that fishing business they will be in breach of the law and be subject to penalties.

30. Will the department consider financial assistance for those fishers who need to buy further shares to remain in the industry but are unable to access any financial assistance to do so? This would be other than the current low interest loans extended as part of the Business Adjustment Package?

The government will seek to work with individual fishers who cannot access the financial assistance they need to buy sufficient shares to remain in the industry.