

INQUIRY INTO COMMERCIAL FISHING IN NEW SOUTH WALES

Organisation: Macleay River District Fishermen's Co-operative Limited
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Macleay River District Fishermen's Co-operative Limited

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General Standing Committee No.5

Commercial Fishing in NSW

Submission by Lawrence McEnally

Subject: Effect of the structural Adjustment of Commercial Fishing in NSW on the Macleay River Fishermen's Co-operative.

Submission

My Co-ops submission is blunt and to the point.

For the last 5 years our Co-op has traded in significant profit culminating in 2014-15 with a \$220,000 profit paying a 16% dividend to members.

In the 2015-16 tax year the Co-op had a profit of \$120,000 paying a dividend of 7.1% to members.

At the 30th June 2016 our Co-op had the following balance sheet.

.	All staff contingencies covered	
.	Term deposit	\$365,000
.	Free cash	\$110,000
.	Total assets	\$2,225,000
.	Debt	\$0
.	Permanent staff	6
.	Contributing fishers	35

The term deposit is overly large as we intended to build a new shop and employ 2 more staff in 2014 but the BAP was announced.

By any measure we are a rock solid regional business.

Under the BAP we will fail within 3 years.

Our Co-op and many others will fail because the cuts being made are just too much too fast for us to absorb or adjust to.

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The mathematics is simple. We currently handle around 25,000 kgs of mud crabs p.a. This will fall to about 9,000 kgs under the BAP. This is an immediate loss of \$350,000 in turnover. Our fish turnover will drop by around \$200,000 and prawn turnover by \$250,000.

These are approximate and conservative figures. Our best result is a loss of \$800,000 pa in gross turnover. Our worst scenario could be in excess of \$950,000.

At that point we quickly become unviable as an operating business.

No business in this country can withstand a 20 or 30% cut to its gross turnover and survive.

We have some strategies in place but things don't look good.

We will not be alone; almost all the co-ops will fail too.

Co-ops at Ballina, Forster, Laurieton and Manning River all doubt they will survive the BAP.

Transport

Apart from co-op problems there is a genuine risk that the current dedicated fish transport link to Sydney Fish Markets will fail first.

This transport link is already shaky and with the rapid reduction in catch that will come with the BAP the transport link may be cut.

The freight service is already subsidised by Sydney Fish Markets but it cannot be raised to the level required without substantial funds from SFM.

Failure of the freight link would quickly cascade into the loss of fishers and co-ops.

The Standing Committee needs to understand these trucks roll in on schedule three afternoons per week and without them we would quickly be stranded. They unload directly at the Fish Markets and go to Wyong to load frozen vegetables for the return trip to Coffs Harbour.

For the Committee there is a very laughable line in one of the DPI publications on the BAP stating that catches will return to current levels in about 2 years after the BAP is introduced.

Apart from their unbelievably bad maths, economic reality does not wait around for 2 years to return to normal.

What will be left is a smoking ruin, nothing less.

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Politics

I don't really want to be political because politicians of all stripes carry some of the blame for this situation but the National Party will pay a huge price as co-ops fail and fishers stop working.

It is National Party policy and they can wear the opprobrium. It will happen right in their heartland.

While the Minister seems confident everything will be fine I guarantee a crisis is not too far away. Wait until the first co-op folds and fishermen start losing their right to fish.

Business Base

I have campaigned long and hard that the BAP has no business base and the further we advance the more correct my assessment looks.

The intense concentration on the shares by BAP has meant that the businesses that are part of the fabric of the fishing industry have been completely overlooked.

The plan may work but everything around it will fail. Like the old joke, the operation was entirely successful but unfortunately the patient died.

Commercial fishing is a tough life and the BAP is not about to help.

I wish you all a good Christmas and thank the Parliamentary Committee for at least reviewing this program.

My only suggested recommendation to the Standing Committee is that the Commercial Fishing Section of DPI is far more deserving of review than the State's hard working fishers.

Regards

Lawrie McEnally
Chairman