

Submission  
No 64

## INQUIRY INTO COMMERCIAL FISHING IN NEW SOUTH WALES

**Organisation:** Commercial Fishermen's Co-operative

**Date received:** 9 December 2016

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# Commercial Fishermen's Co-operative Ltd

ABN: 69 696 950 450

97 Hannell Street Wickham NSW 2293

*Fresh Local Seafood*

Friday, 9 December 2016

Please find below, the CFCL Submission to the Parliamentary Inquiry into the NSW Commercial Fishing Industry. I am available to provide advice and answer any questions in regards to this submission.

Yours sincerely

*Robert Gault*

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## **CFCL (Commercial Fishermen's Co-operative Limited) SUBMISSION TO THE GENERAL PURPOSE STANDING COMMITTEE NO. 5 INQUIRY:**

### **COMMERCIAL FISHING INDUSTRY IN NEW SOUTH WALES**

In accordance with the General Purpose Standing Committee No. 5 requirements, the CFCL submission is based strictly upon the Terms of Reference:

- a) The history of commercial fishing in New South Wales, including reforms to the industry since 1994,
- b) The value of the commercial fishing industry to the New South Wales economy,
- c) The scientific research underpinning fisheries management,
- d) Current arrangements for the assessment of fisheries by the NSW Department of Primary Industries Fisheries Resource Assessment Unit,
- e) The New South Wales Government's Commercial Fisheries Business Adjustment Program and its aims, including:
  - I. the relevance of the Draft Productivity Commission Report into Marine Fisheries and Aquaculture,
  - II. the implementation of the restructure to date,
  - III. the impact on industry and regional communities to date, including economic, social and cultural impacts,
  - IV. the economic modelling underpinning the restructure and any independent analysis of that modelling,
  - V. the approach of other jurisdictions.

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## a) **The history of commercial fishing in New South Wales, including reforms to the industry since 1994,**

The New South Wales commercial fisheries history has been documented in the NSW Parliamentary Research Centre Briefing Paper No 2/2013: *NSW Commercial Fishing: Background to the 2012 Review*. This document outlines the management changes that commercial fisheries have been subjected.

### Share Management Fisheries Management.

The original intent of share management fisheries in NSW was to define the State's fisheries and link and allocate shares to commercial fisheries based mostly on catch history, to create well defined and strong, transferrable fishing rights. This did not occur. Instead, as explained by the 2012 Review: other than in the OH and OT fisheries, shares were allocated on a 'flat' or equal basis, with each restricted fishery endorsement holder receiving an equal number of shares, which, in general allowed the holder to use a standard amount of fishing gear (e.g. net length, number of traps or hooks).

Shares were allocated without true history, creating an unequal playing field for fishers. It can be said that the perceived "Latent effort" was caused by this share allocation and is now being forced to be financially "bought out" by active fishers.

### Reduction of historical fishing grounds.

There are a number impacts on commercial fishing areas in NSW that reduce the availability of viable fishing grounds, including:

- Commonwealth Marine Parks,
- NSW State Marine Parks,
- National park access restrictions,

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- Threatened species restrictions,
- Other closures.

## No formal Industry Representation

The Stevens et al (2012) report outlined many issues regarding representation, in the main, the lack of a peak industry representative body has been cited as a barrier to effective consultation and representation.

## b) **The value of the commercial fishing industry to the New South Wales economy,**

The NSW Commercial Fishing Industry has always been limited in being described by its first point of sale of \$80million annual GVP. The Professional Fishermen's Association lobbied for funding of independent research to provide these answers.

The recently released two-year research project funded by the FRDC and its research partners: the University of Technology Sydney, the University of Wollongong, ENVision Consulting and Western Research Institute, aimed at evaluating the wide-ranging social and economic contributions that the commercial wild-catch fishing industry makes to NSW coastal communities. One reason for the evaluation is to help to inform the NSW Government of the likely impacts on coastal communities of its resource management decisions.

## Results of the Project:

- The NSW professional fishing industry contributes more than \$436 million in revenue annually to the State

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- Over 3,290 full-time jobs in fishing operations, service industries, sales and marketing.
- 94 per cent of the general public in NSW believes it is important that seafood continues to be produced in NSW
- 96 per cent believe buying local seafood is better for the local community
- 89 per cent of NSW residents expect to eat fresh local seafood when holidaying on the coast, 76 per cent say it is an important part of their coastal visit experience
- 60 per cent of professional fishers have helped out with search and rescue operations in estuaries and coastal waters
- Fishing is part of the heritage of many towns
- 78 per cent of recreational fishers across the state prefer local bait

c) **The scientific research underpinning fisheries management.**

Information available from DPI.

d) **Current arrangements for the assessment of fisheries by the NSW Department of Primary Industries Fisheries Resource Assessment Unit,**

Information available from DPI.

e) **The New South Wales Government's Commercial Fisheries Business Adjustment Program and its aims, including:**

**a. the relevance of the Draft Productivity Commission Report into Marine Fisheries and Aquaculture,**

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Country of Origin labelling is an important issue in conjunction with any “reform”. It is important to create a level playing field for Co-op’s, especially to compete in the retail market.

Recommendation to avoid Quota as a management tool. Is also important as this will significantly interrupt supply.

RFRR (Registered Fish Receiver) legislation needs to be revisited at the same time. CFCL asks only that we can compete on a level playing field, and have fees at the same levels.

## **b. the implementation of the restructure to date,**

Implementation has had some effect on Co-ops in particular, CFCL, as fishers restructure their businesses in anticipation of further change. Membership is decreasing and new entrants are reluctant to enter due to uncertainty.

It is unfair for fishers to purchase shares or spend their savings for no gain. It is also unreasonable to ask fishers to invest in proposed changes where linkages and costs have not been quantified.

## **c. the impact on industry and regional communities to date, including economic, social and cultural impacts,**

The impact on Co-op’s will not be able to be measured until the restructure has been completed. CFCL is unable to determine with any certainty:

- How many fishers will leave and therefore remain?

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- How many fishers will need to be paid out the membership shares?
  - CFCL Maximum shareholding \$25k
  - Could lose 10 to 20 members
- What will be the level of supply?
  - Co-op's most important issue.

Industry is disappointed that there has been little change from the SARC report linkage recommendations after latest round of consultation by the Minister.

CFCL would like to urge decision makers to fully understand any proposed restructure and changes to consider the economic and social impacts of viable Co-ops. As has been stated, there is no question of sustainability of the resource. Reports have questioned the viability of fishers and industry, but this is not supported by the majority of industry participants.

## **d. the economic modelling underpinning the restructure and any independent analysis of that modelling,**

There is no confidence in the economic modelling by industry. The UTS study has shown that the government has underestimated the true value of the industry and the expectations of the restructure to force fishers to invest in the industry is flawed.

In discussions with SARC, fishers were assured that they would not be forced to invest in their business with no gains, this has been proven to be false in many share classes.

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CFCL would recommend that real estimates be available to industry regarding costs for restructure and on-going management charges. Neither of these have been addressed to date.

UNCERTAINTY NEEDS TO BE ADDRESSED.

## **e. the approach of other jurisdictions.**

- Peak industry bodies already established
- Formal consultative mechanism already in place
- Simple processes
- One fishery at a time
- Shares issued on catch history not equal allocation

The CFCL wishes to refer the Standing Committee to PFA response to the SARC Draft Recommendations for Structural Adjustment of the NSW Commercial Fishing Industry, submitted to the SARC in August 2015, which states:

*The fundamental problem for the reform is the concept of linking the existing shares when shares were poorly allocated when initially issued. Too many shares were issued by the NSW Government using such loose criteria that the allocation did not reflect accurate historical catch levels. However, a review of the experiences in quota allocation in Australia highlights the need for a clear justification for the formula selected and the use of explicit principles in the allocation process (Geen et al 2000).*

*It is already acknowledged that the \$16 million exit grant is not enough to remove the latent shares within the industry however;*

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*precedent has been set in the Commonwealth fisheries where the judiciary required the Australian Fisheries Management Authority to adjust due to an incorrect allocation formula used to issue their Statutory Fishing Rights.*

*“This matter became the subject of a review by the Australian Senate of Commonwealth fisheries legislation. **They found convincing evidence that the allocation formula was seriously flawed from the beginning and that as a consequence, problems in establishing an effective management regime would continue unless they were resolved.***

*As a result of the continuing dissatisfaction with the programme, in 1995 the Commonwealth Government introduced a limited buyout programme with quota recovered by the buyout redistributed among the remaining quota holders. This redistribution was focussed on the inshore fishermen, who were most vocal in expressing their dissatisfaction with the programme. **The rational for this use of government funding was that the government should accept some responsibility for allowing excess fishing capacity to develop in the fishery during the previous regulatory regime.** This adjustment helped mitigate dissatisfaction on the part of many of the quota holders, notwithstanding the (then pending) administrative court appeals.” (Shotton 2001)*

*Significant problems have emerged in the design and implementation of Quota systems both in Australia and worldwide. For example, the introduction of Quotas in the Australian Commonwealth south east trawl fishery (SET) was considered to be “appallingly handled” (South East Fishery Adjustment Working Group 1996). As a consequence, there has been at least eight internal reviews into*

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*various aspects of the SET as well as cases being heard by the Administrative Appeals Tribunal and taken to court.*

*This determination aligns similarly to the NSW Governments issuing of shares and indicates strongly that the NSW Government should appropriately adjust the level of shares within the NSW Fishing industry before it attempts to link the shares.*

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