

**Submission
No 95**

INQUIRY INTO COMMERCIAL FISHING IN NEW SOUTH WALES

Organisation: Wallis Lake Fishermen's Co-operative

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The Wallis Lake Fishermen's Co-operative submission to the Parliamentary Inquiry in to the NSW Commercial Fishing Industry.

The Wallis Lake Fishermen's Co-operative is a fishermen's Co-operative on the Mid North Coast of NSW, situated in Tuncurry on the banks of the Wallis Lake. It supports around 38 active shareholders/fishermen as well as many non-shareholders and visiting boats/fishermen. The Wallis Lake Fishermen's Co-op is one of 13 strong fishing co-operatives in NSW. Fishing Co-ops in NSW represent approximately 640 fishermen. This co-op was established in 1947 and celebrates its 70th birthday next May. The Co-op began as the voice of the fishermen of the area. It formed the central receiving depot to handle the catch and distribution each day. It became a group purchasing agent, where the supplies of equipment, fuel etc required by the fishermen could be purchased in bulk and sold to its members. This is still our fundamental function today. Co-operatives are perceived to provide a 'voice' for the fishers, they are a key part of the industry, and are seen to act as a broker between the fishers and other agencies (e.g. government, SFM). Co-operatives are in this position due to the absence of a peak industry body for individual fishing operators in NSW and nationally. The Professional Fishermen in NSW contribute \$436 million dollars to the state economy annually and provides employment to approximately 3300 people. We do not believe that the proposed reform will promote supply of seafood or be of benefit to the majority of our local fishermen.

We had around 120 shareholders in the 1980s and we are sitting at 38 active shareholders today. In the 1980s there were many ocean fishing boats lining the foreshore from trawlers to trap boats to line fishermen. This foreshore has changed dramatically since. We now have just 3 active ocean fishing boats on this same foreshore. There is currently only 1 active Ocean fish trapping boat working between Crowdy Head and Nelson Bay, not so long ago there were 16. Why would we potentially push that fisherman away? We still have over 30 estuary fishing boats moored around the corner moored but the fishermen have dwindled considerably over the years. Why is the push for the removal of more fishermen so imperative? We can supply the freshest seafood to the local community with our fishermen; we also supply a large number of local wholesalers as well as having a contract to supply products to Woolworth's supermarkets. If we lose any more fishermen we lose the ability to support the fishermen day to day and in turn the fishermen become unviable as costs increase for them. Annually our co-operative turnover is \$7 million dollars.

From the beginning proposal of the Commercial fishing reform the idea was suggested to remove the latent effort from the industry. There was no magic number of fishermen that the department wanted to reach, just always pushed the idea of removing the latent effort. What has actually resulted is all the share latency has now been reactivated and not removed. The idea of removing latent effort was great. Implement a 'buy-out' of those wanting to get out of the industry and allow the rest to keep fishing. We are now faced with the prospect of removing many many active fishers that just cannot access the shares required. There is no guarantee that the shares will be available to purchase. The over allocation of shares to fishermen occurred many years ago and now the problem is being made to be sorted out by the active fishermen today. The responsibility of repurchasing their rights to access should not be on the fishermen at such a financial burden.

What has occurred is that those who could afford to buy up shares already in the past 2 years have done that and all the others that are waiting for the share subsidy program to occur have been left out to dry as the shares have mostly already traded outside of the one program that was designed to assist the fishers. Some fishermen on the share- holder list have excessive shares far above what would ever be needed in that endorsement. By the department allowing this sort of 'gathering' of shares will put the majority of industry at a severe loss as most fishermen will not be able to purchase what is needed. The reform was never suggested to industry to cut the industry to just a few operators who have the money to invest BIG. This behaviour will encourage the destruction of the supply for industry and affordability of NSW seafood to consumers. Fisheries managers have suggested to me directly that all the fishermen have known that the reform was coming for years now and they should have gone and bought up the shares they needed like some others did. This unfairly assumes all fishers are in the same financial position. The majority of fishermen have existing loans for gear, boats, vehicles, house etc. To go into more debt just is not possible as banks are unlikely to loan more money. Why should these fishermen be made redundant simply because they do not have financial freedom like some others. They are an important part of this industry and should be given that respect. What will occur is that there will be smaller amounts of fishermen working and far less seafood on the plates of consumers. We already import over 80% of seafood consumed in NSW, this figure will grow considerably and consumers will lose the ability to purchase the freshest NSW seafood. We do not want to see an industry exist for the rich only. The fishing industry deserves more respect than that. **It is strong. It is traditional. It is generational. It is smart.**

Professor McPhee completed a report for Sydney Fish Market last year in response to the reform impacts. He found that for Blue Swimmer Crabs, 31 of the 157 fishing businesses in NSW contribute 80% of the catch and for mud crabs it is 63 of 202 fishing businesses. The fact that we have around 25 blue swimmer crab fishers in this co-op that catch 80% of the NSW Blue swimmer crabs sent to Sydney Fish Market annually clearly shows that the Wallis Lake fishermen have been dealt a huge blow with the reform moving to quota as all the region 4 shareholders have been given quota to catch blue swimmer crabs despite the fact that many lakes in region 4 do not even have blue swimmer crabs in their lakes and many fishermen although entitled to catch blue swimmer crabs have never caught them and have now been allocated quota evenly spread between the entire region 4. Wallis Lake has been named by many researchers and professors as the most important lake in regards to NSW blue swimmer crabs. A wild fisheries research program conducted by the NSW Government Industry and Investment in 2010 found that *Five estuaries account for 95% of the*

commercial catch, with Wallis Lake being the most important. Our co-op members alone landed 127 tonne of blue swimmer crabs last year. This one size fits all approach for the reform has failed to accommodate these sorts of issues in fact it has ignored them. In fact when I have asked the question- "... why they did not fairly allocate the quota for blue swimmer crabs by issuing it on catch history to those fishermen that catch the species?" I was told that equal allocation was the simplest way to do it and on the off chance that there have been fishermen fishing illegally with too many traps in the water then the department did not want to reward them for doing that. I still stand by the fact that, that is why DPI has compliance officers on the water to ensure all fishers are doing the right thing whether commercial or recreational fishers. We have pushed for the quota to be issued on catch history to give the fishermen who have worked hard to catch the kilos to be able to keep the kilos not spread it around to everyone. The department has replied with - well the Wallis Lake Fishermen will be able to buy or lease the quota back from the fishermen in the rest of the state who do not use it. Why is that fair. Why our fishermen should be disadvantaged financially by having to repurchase what is already theirs.When lobsters went to quota 20 odd years ago they allocated the quota to fishermen on catch history. If you caught the kilos historically then you got the benefit of holding the quota. If you did not have the catch history you simply lost the right to catch lobsters. I've been told it's too complex to do it this way. I believe it's the only way to move to quota. (Although putting a quota on a species that has no sustainability issues is not supported by our co-op. There is no threat to the stock levels and tighter compliance can sort out any issues to illegal trap use). In July this year the department made an announcement that allowed fishers who had purchased more shares already over the 125 shares the added ability in blue swimmer crabs and mud crabs to use the 'extra traps' that they would be entitled to use when the reform begins in July 2017. Without the added control of quota attached to the endorsement like it will be in July 2016 is ridiculous. This has allowed so much more effort in the water and clearly restricting this endorsement to quota next year is pointless as allowing no linkage to quota this year makes no sense. The actual quota issued to our fishermen has been more than halved on our their annual catch. It equates to a loss of almost a million dollars of crab to our fishermen that flows on to the access to the community to purchase fresh local blue swimmer crabs also. To make matters worse the recreational sector can catch 10 crabs per day that equates to around 3 kg. Commercial fishermen will be allowed to catch equivalent to 4.5kg per day under the new quota system. Mud crabs have been issued under the new quota system equivalent to 1.8kg per day that can be just 1 mud crab. Recreational fishermen can catch 5 per day. This is the commercial fishermen's livelihoods not their hobby! Wallis Lake fishermen and the Co-op that relies on this product have been left with a business adjustment program that will cripple the fishermen and co-op. The mud crabs are similarly affected. However, more lakes catch mud crabs unlike the blue swimmers but quota should have been issued on catch history also.

There were flaws from the mock trading program when it opened from it not being compatible with some computer systems and then fishers realising that there will be CAPS put on share purchases. I understand maximum CAPS are important as the idea would be for one fisher not to purchase too many shares in the one share class but some of the CAPS make no sense and when I asked the department why, the answer has simply been that there must be a logical reason behind the cap figures from their end and they would have worked it out on catch return records. One example is the estuary hauling, this share class has been given just 60 days to haul per year (keep in mind that haulers already have the

limitations in place in some lakes like ours of only being allowed to haul once a day) so the cap that has been put in place only allows them to purchase a maximum of an additional 52 days. So they can only work less than a third of the year. If you are a full time hauler you would need at least 250 days.

The total cost to the Wallis Lake Co-op fishermen will be over \$3 million dollars between our 38 active fishermen to re purchase the extra shares. Not taking into account any subsidy offered.

The Co-op management and Board are concerned that the downturn in the fishermen's productions and abilities will cause a huge problem for the financial viability of our facility. Our auditors have expressed that if this program goes through in the way in which we can foresee then the Co-op could be in huge trouble with losing fishermen and product.

This is a real situation as it was only 8 years ago that our Co-operative almost went into liquidation, Our Co-op has taken a huge step in the past 8 years to develop our business to be a successful thriving business with the loyalty and team work of our fishermen to create a facility that is strong financially and have had 4 record breaking years of making a profit. This program will push our Co-op to the level of unviability that could see a \$7 million Co-op disappear. We just cannot accept this reform will make any of our fishermen better off or even close to their level of financial success that they are at today.

The Following points are what the reform proposes and what effect that will have on our fishermen.

Estuary General Prawning Region 4 – This endorsement has from July 2017 moved to minimum shareholding. Fishers currently require 125 shares they will need to increase their shares by an extra 25 shares to increase to 150 shares. The availability of the extra 25 shares is not guaranteed and we do not know if our fishermen will be able to secure themselves the extra shares needed. If they can't then they will not be able to fish in that endorsement from July 2017. The problem is that many 'share investors' have already invested in buying a huge amount of shares to assist themselves. The allowance in this endorsement for fishers that buy extra shares of an extra 100 over the 150 minimum required then they will be entitled to use an unendorsed crew (this is confusing as the aim of the reform is to reduce the number of fishermen in the industry). The CAPS in the subsidised trading program will be capped at 25 extra shares so even if they wanted to purchase more shares through the trading program they will not be allowed.

Our co-op has 20 prawn fishermen that need to find minimum of 25 shares each, a total of 500 shares at a value of \$10000 each for 25 shares. Total investment needed is \$200000.

Estuary General – Mud Crab Trapping Region 4 – This endorsement will move to catch quota from July 2017. Our region has been issued 673.8kg per 125 shares. This equates to 14349kg for the shares that our fishermen hold currently. This is not even close to the kilos that the fishermen catch currently in our co-op. **The loss of these kilos would cripple the fishermen and the co-op too. We would be around 17000kg short in catch equating to around \$700000 downturn for the co-op and ultimately the fishermen that catch this. Our fishermen need to secure a further 3125 shares at a cost of approximately \$240 per share. Total investment needed is \$798000.**

Estuary General – Trapping – This endorsement incorporates trapping for fish and also includes Blue Swimmer Crabs. Not all fishermen use this endorsement to catch blue swimmer crabs as this species is not found in all lake systems in NSW. The most important lake system is WALLIS LAKE. Wallis Lake accounts for around 80% of the NSW catch of blue swimmer crabs sold at Sydney Fish Market annually. Professor Daryl McPhee conducted a report for Sydney Fish Market in August 2015. He established that Blue Swimmer and Mud Crabs were among the most important products by volume and value handled by SFM. For Blue Swimmer Crabs, 31 of the 157 fishing businesses in NSW contribute 80% of the catch. Our co-op has 25 of the 31 fishing business. There has been a catch quota issued to commence in this share class from July 2017. Our region 4 has been issued with 1668.8kg of blue swimmer crabs per 125 shares held. This is grossly unfair to the Wallis Lake fishermen as the majority of blue swimmer crabs have been caught in Wallis Lake and the catch history has been shared among all region 4. (Region 4 goes from Tuggerah Lakes in the South to Camden Haven River in the North.) There are a lot of (fish) trapping endorsements in this Region however; many of these endorsement holders have never caught a blue swimmer crab as their lake system does not produce crabs. Our fishermen will now need to 'lease back' or purchase more Trapping shares (that simply are not going to be available) to be able to catch the kilos needed. This share class is the 'bread and butter' for many of our Wallis Lake fishermen. **The shares held currently by our fishermen equates to a total of 44056kg under the new arrangements. This is a loss of 67000kg annually. The cost to purchase the extra shares (if they are available) would be around \$1.2 million for our fishermen. The solution to this inadequacy is to give the fishermen the catch quota they deserve. Those that caught the kilos should be allocated the kilos. The loss of these kilos to the co-op is around \$600000 - \$1000000 annually.**

Estuary General – Meshing – This endorsement has been issued Effort quota (days) and this will commence from July 2017. **A DAY IS CONSIDERED A 24 HOUR PERIOD.** The fishermen will need to log their 'day' prior to leaving their mooring and it will finish a whole 24 hours after it began. This is going to force fishers to fish longer and harder on the 'day' they chose to mesh. The days offered for our region is 93 days per 125 shares held. All our fishermen currently have the minimum 125 shares in this share class. At present some fishers need to use this endorsement up to 250 days per year (which is around the maximum days allowed in our Lake due to weekend closures and other restrictions already imposed) The difference is most fishers fish at night for a few hours. This enables them to fish without the added difficulty of extra boat users on the water as occurs when daylight meshing takes place. If there is bad weather or unfortunate circumstances like motor problems etc then the fisher will lose a 'day'. I have been explained by DPI managers that this is the case as the days scenario has been worked out generously taking into account a percentage of days lost to the elements. The loss that will occur from this downturn in days allowed to fish in this share class is hard to fathom until it comes in to effect however, we can guarantee that fish will be scarce in our region and the pressure put on the fishery from forcing the fishers to fish for an entire 24 hour period will cause a sustainability issue as fishers struggle to make the most of their days offered and instead of fishing to a sustainable level, they will be forced to fish until they fill their boats time and time again in that 24 hour period. Social licence that fishers have worked hard to develop will be forced 'out the window'. **The cost of our fishers purchasing the extra shares (that we know do not exist) will cost around \$605000.**

Estuary General Handline and Haul Crew – This endorsement will move to minimum shareholding of 375 shares. Currently this stands at 125 shares. The Haul Crew component has been removed from this share class from July 2017 as the use of unendorsed crew will be allowed to be used by haulers. This has devalued this share class to around \$2000 to \$3000 per 125 shares. I believe this share class will be readily available in the share subsidy trading program as fishers may see they have no value and not a great deal of use and will get rid of them.

Estuary General – Hand Gathering – This endorsement will go to catch quota for pipis, beachworms, cockles and nippers. This share class will be issued to those fishers holding this endorsement that have catch history in the particular species. (Unlike what has been offered in mud crab and blue swimmer crab). The frustration in this share class is that there is still no announcement as to what quota will be offered for these fishers and therefore puts them in a very hard situation as the fisher still do not know if there is worth in keeping the endorsement or if they should invest further in this endorsement.

Estuary General – Cat 1 Hauling – This endorsement will move to effort days from July 2017. Our region has been offered 60 days. We have only 3 of our fishers that hold this endorsement however, they will need to buy at least 1 extra endorsement each to be able to fish still less than what they do now. **The cost of these endorsements are \$40000 for 125 shares so our fishers will need to invest a further \$60000**

Estuary General – Cat 2 Hauling – This share class is moving to effort days. Our region has been issued just 5 days per 125 shares held. This endorsement is used mainly by our River Garfish fishermen. **Our fishers will need a further 2000 shares at a cost of \$5000 per 125 shares so the cost if the shares are available will be \$80000.**

Ocean Trap and Line – Demersal Trap – This endorsement will move to a minimum share holding of 50 shares. **Our fishers will need to purchase just 20 shares if they are available. At a cost of \$20000 per 20 shares.**

Ocean Trap and Line – Line West – This share class is specialised as the share holders in this share class are not ‘multi-endorsed’ like the estuary. If you work the ocean share class that is generally your only source of fishing. **Our fishers still need to purchase 180 shares at a cost of \$20000 per 20 shares. Total cost if they are available will be \$180000.**

We welcome the Parliamentary Inquiry to look at all elements of the proposed reform.

Suzie McEnallay on behalf of
Management and The Board of Directors
Wallis Lake Fishermen’s Co-operative