

INQUIRY INTO COMMERCIAL FISHING IN NEW SOUTH WALES

Name: Mr Rodney Wright

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19/8/15

SARC

Dear Sir/Madam.

Commercial Fishing Reforms

I entered the industry approximately 5 years ago investing approximately \$60,000 to purchase a fishing business and associated endorsements. I have subsequently invested further to improve the viability of my business. At the time I was assured that the catch history was not relevant given the issue of shares. On that basis I have structured my business to focus on mud crabbing and Ocean Trap and line west with hand lining and a little bit of meshing, hauling and prawning. In 2014/15 more than half of my income was from mud crabs with just over 1900kg but that was partly due to a poor year for pocket netting prawns.

I note in your summary of submissions report from the first round of consultation that the bulk of submissions in regards Trapping in Estuary General indicated no option was viable. However of those 15 respondents that did select a preferred option in the mud crab trapping area 1 was for option 1, 11 for option 2 (trap numbers) and 3 for option 3 (a quota). There seemed no comment on this fishery from the other submissions from outside the industry. So 73% of respondents who picked a preference selected option 2. It is unfortunate more people did not respond to the options on the table but at the port meeting I attended there seemed to be general consensus from the mud crab endorsement holders that option 2 was the preferred option.

There are a large number of problems with a quota system in this fishery and some of them were outlined in the April 2014 Trapping Options paper for Estuary General. The catch varies and in 13/14 and 14/15 I understand from discussions with the department that the catch was above 150 000kg for both years. Recent doubling of the allowable effort in the recreational fishing sector would suggest that at the moment, based on the level of effort, that there is no issue with the sustainability of this fishery. This was confirmed by the DPI Estuary General Fisheries Manager Darren Reynolds on 24/8/2015 in personal comment. The cost of a quota system will substantially increase the management costs for this fishery and is not based on a proper assessment of the sustainable catch levels. While many agree that a quota has been successful for the lobster fishery lobster is a much higher value product and not as accessible by the recreational fishers so there are a number of differences. Setting a quota may have driven up the per kg price for lobsters but given the total catch in mud crabs will be similar to historical levels there is nothing to suggest an increase in per kg price that would support the additional costs that come with a quota system for mud crabs.

In the summary of submissions report my assessment indicates that in terms of allocation of quota 75% of respondents who commented supported a regional allocation of quota and only 25% a state wide quota yet the recommended option suggest a state wide quota after 2018. Quotas should be set for each region and not be transferable.

Linking effort to trap numbers will allow those that want to concentrate on crabbing or for that matter eeling to purchase more shares and legitimately run more traps which in the long run is likely to bring about higher compliance with much lower management costs and not necessarily increase the

total catch. It is widely acknowledged across both the industry and the department that many people are running more than 10 traps and in the past there has been no provisions to allow for this.

In my case a change to quota and limit of 541 kg per 125 shares would either force me out of the industry or require me to invest \$36,000 at the current market rate just to stay at the same level of fishing just for this endorsement. Even if there was as substantial subsidy this would still be a substantial cost for just one component of my business and that is on the assumption there was enough interest from those with endorsements to sell. **I strongly recommend that effort for crabbing be tied to traps as generally agreed by industry ie option 2.**

Given a number of fisheries have purchased extra shares in this fishery the number of operators will be consolidated and achieve the desired outcome. If some reduction in effort is required shares in this fishery should be retained by DPI Fisheries as part of the exit program. An assessment of total allowable catch is to be undertaken in 2020 so if there are issues with the sustainability of the catch it should be addressed across each region at that time and quota allocated based on science. In April SARC consulted widely and of the submissions selecting a preferred option 73% of respondents selected effort linked to trap numbers. Let's go with this until scientific review sets TAC. The quota will just reward those that haven't put any effort into this part of their business and it will at least double the administration costs providing more employment at DPI at the cost of the fishing industry.

With Ocean Trap and Line I accept that a small increase in the number of shares to reduce the amount of fishers and at \$5000 per business would be acceptable if the requirement for OG1 which is an artificial restriction on effort in Ocean Trap and Line West was removed. Licensing for vessels below 20m for the Purse Seine fishery has been removed so why can't it be for Ocean Trap and line west. There was limited mention of this in the April consultation but 2 submissions supported it and there didn't seem to be any opposition. It just adds to the administration costs for this fishery for no benefit. I can only use one boat at a time so what does licencing achieve when vessels are also required to be registered by RMS as commercial. The endorsement allows fishing out to the 100 fathom line yet the requirement for OG1 licensing means that if you don't have it there is an artificial restriction to 3 mile line. **Remove the need for OG1 or boat licencing in general below 20m.**

With the entitlements for meshing, hauling and prawning the cost to get the number of shares to maintain current effort is unreasonable. If a large reduction in the number of operators in these fisheries is required shares should be purchased as either part of the exit program or on the open market and either extinguished or redistributed to those remaining in the fishery with an equivalent increase in the minimum share holding. While not a big impact on my own business my involvement in hauling operations as a category 2 endorsement holder isn't really reported anywhere in the current process and that is why number of shares for that area is so high.

With prawning if there are to be changes to the minimum share holding there should be one draw per 197 shares for region 2. If someone wants two balls in the draw they should be able to hold 2x 197 shares and this will encourage consolidation of effort in this area. If there is fair subsidy for the required increase in the number of shares I support this option on the premise that the draw for spots is at a fair level. ie why would I get one draw if I have 197 shares but two if I have 247. The ratio isn't right. **Recommendations adopt minimum shareholding of 197 and allow one draw per 197 shares.**

Given the importance of commercial fishing to the local economy the viability of the local industry is critical. The recent SARC recommendations indicate that some of the feedback provided by the industry has been taken on board but much of it has been ignored and if adopted into legislation will decimate the local industry. While the panel is supposed to be independent it seems that NSW DPI Fisheries Managers input is being given much more weight than the fishing industry comments.

I hold endorsements in Ocean Trap and Line West and Estuary General region 2. To maintain my current level of activity I would need to invest \$55000 based on current market price for endorsements and current SARC recommended reforms. Even if this is partly subsidised I would need to invest more than a full year's income after tax just to stay viable.

For my step son to operate at his current level activity would require him to make an investment significantly more than this.

The economic analysis conducted on behalf of SARC and NSW Fisheries relies on figures from other fisheries including South Australia. Furthermore it undertakes the assessment across the whole fishery rather than looking at the multi endorsement fisher which is the norm across most fishers in NSW. It is very convoluted and difficult to follow. While there may be some business that are not economically sustainable that is the same across any business in NSW and gradually as economics come to the fore some leave the industry. If there is a reduction in effort required DPI should use the allocated funds to buy up shares as a way to consolidate the number of shares in some of the fisheries particularly meshing and prawning. Due to the number of scenarios with linkage options and limited data on the average costs to fishing business the report has not put an indicative costs to fishing businesses for the proposed reforms which I understood was its main purpose. It seems to have been prepared as a way to justify putting the sword to the current industry. It does make it very clear though that many businesses are operating below their capital opportunity costs so clearly further investment by those active in the business cannot be justified.

In summary some options endorsed by industry have been accepted but others totally rejected without any justification. For me mud crab trapping is the worst example but for people eeling there is the same issue and the biggest impact of all is probable on Hauling and Meshing which is the main activity for many fisherman.

If government wants to reduce the amount of effort they should simple buy back some of the shares allocated from the allocated budget and that would achieve the same outcome without the huge impact on individuals and the local community.

Your support to ensure a fair and reasonable reform that provides for a viable industry is requested. Please ensure that industry preferences for options tabled are endorsed and not those of individuals within the department or within SARC.

73% people choosing an option in mud crab trapping said option 2 so adopt option 2.

I would be please to meet or discuss the issues if you require any further details and can be contacted on

Yours Faithfully

Rodney and Carol Wright

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