

**Submission  
No 159**

**INQUIRY INTO COMMERCIAL FISHING IN NEW SOUTH  
WALES**

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Thank you for the opportunity to provide a submission regarding commercial fishing in New South Wales. I am a full time commercial fisher in New South Wales. Commercial fishing is my only source of income from personal exertion. My family have been commercial fishers for many generations. Infact, I am the sixth generation in my family to be a fisherman in New South Wales.

As I begin my thoughts drift to growing up around my families fishing operation. From the age of 13 I spent most days of the school holidays helping my father and grandfather. My son is now 14 years old and I have made a concerted effort to discourage him from taking an interest in commercial fishing. I think of 3 other fishers who have teenage sons - they seem to have done the same. My opinion is that only a fool would encourage their children to continue on in this career path under the current management arrangements.

In 2014 members of the recreational fishing sector pushed to have commercial fishing banned in the waterway in which I fish. On the website of the local newspaper a reader left the comment, "they make more money the more they catch, how is this going to turn them into conservationists!". Under the current management arrangements I am not sure what type of a defence that the commercial fishing industry could use to contend with this type of argument - or a Government for letting an industry operate in this manner.

The Commercial Fisheries Business Adjustment Program sets in place a regime that is necessary for the industry to be able to move forward with stronger justifiable rights. It promotes confidence in operators whilst dealing with the sustainability of the resource upon which operators rely. It also places operators in a stronger position when addressing resource sharing issues - as often seafood consumers are not proactive in these types of debates.

In some sections of the fisheries that I participate in the Commercial Fisheries Business Adjustment Program plans to implement quotas on catch and effort. With the establishment of bodies such as the Marine Stewardship Council and pressures from other concerned stakeholders there is a clear need for the commercial fishing industry to be pro active in encouraging responsible fishing activities. I can remember a time when the buzzword was "sustainability". Well now the new buzzword seems to be "social licence". As in industry we need only to look at what has happened recently in Queensland and Victoria regarding the phase out of some commercial fishing activities in certain areas. Even in New South Wales the creation of Recreational Fishing Areas in 2002 and Marine Parks still has some sections of the commercial fishing industry suffering today.

The introduction of quotas should not be a surprise. Quotas have been introduced in many other jurisdictions. Recently the Productivity Commission released a draft report finding that commercial fisheries should move to a system of applying transferable quota systems. In

2012, the Independent Review of NSW Commercial Fisheries Policy, Management and Administration made a number of recommendations regarding the linkage of shares in the NSW commercial fishing sector.

However, the issues that are faced today by the New South Wales commercial fishing industry have been caused by the previous Government of the day seemingly stumbling into implementing Share Management Fisheries and in most cases issuing shares with no regard of the level of activity exerted by individual operators. Today we find a situation where some Fishing Business owners will be receiving much more quota than the levels that they have previously exerted. This is at the expense of other operators who will be receiving much less quota than the levels that they have previously exerted. A number of measures have been proposed in order to rectify this situation and provide financial assistance and subsidies in an effort for active fishers to be able to acquire the shares that they need to maintain their historical fishing activity levels.

To facilitate the trading of shares in an attempt provide an opportunity for operators to acquire the number of shares they need to continue fishing at previous levels it is proposed that a share trading market be established. This market will allow for the subsidised trading of shares. It is crucial that this market is successful.

However, there is currently a number of uncertainties surrounding the subsidised share trading market. For a fisher to be able to make an informed decision on whether to purchase shares or whether to sell shares there needs to be a greater amount of certainty. Buyers need certainty about the number of shares that they will be able to purchase and the cost of those shares. Active fishers need to be given priority when endeavouring to acquire the shares they need to continue at current levels.

I would like to make a number of suggestions which I feel would reduce this uncertainty. Firstly, all Fishing Businesses owners should be informed whether they have been “active” or “inactive” in each of the share classes that the Fishing Business holds. If a Fishing Business holds a share class that has a “share deficit” the amount of the share deficit must be disclosed.

The next step that I would suggest is to inform all Fishing Business owners of the opportunity to participate in the share trading market. Prior to registration for the share trading market the “market principles” need to be conveyed to all Fishing Business owners - not just those intending to participate in the share trading market. Fishers need to have a clear understanding of the process. Maybe even using simpler language is necessary. Instead of “share deficit” it may be more appropriate to use the phrase “the shares you need to maintain your recent fishing activity”.

I believe that there should be up to two stages of the share trading market. During the first stage Fishing Business owners should only be allowed to make bids to buy shares only in the share classes in which they have a share deficit and the maximum amount of shares that they can bid for be capped at the amount of the relevant Fishing Businesses share deficit. At this stage all Fishing Businesses should be given the opportunity to place offers to sell shares.

Through the use of the share trading market a “buying” price and a “selling” price for each share class is established. All offers to sell at or below the selling price should then be locked in and guaranteed at the particular selling price. All bids to buy at or above the buying price should also be locked in and guaranteed at the particular buying price. This guarantee encourages Fishing Business owners to submit realistic bids to buy and offers to sell.

Next, every Fishing Business owner (not just those who participate in the share trading market) should then be given the opportunity to sell shares at the set “selling” price. If, after this step, there is a surplus in shares available, all Fishing Business owners who were unsuccessful in their bid to buy should then be given the opportunity to increase their bid to buy a certain number of shares (up to their relevant share deficit) at the set “buying” price.

It could now be determined whether or not there are enough shares in the “pool of sellers” to accommodate the “pool of buyers”. If there is to be a shortfall an increased “selling” price could be offered in order to entice more shares into the “pool of sellers”. This increased “selling price” should be paid to all sellers previously locked in. Alternatively, the amount of shares that the “buyers” have asked to buy could be reduced on a pro rata basis having consideration to the share deficit of each Fishing Business. However, such a pro rata reduction would be unfortunate.

If there is a surplus of shares in the “pool of sellers” after all active buyers with a share deficit have been accommodated for then a second stage should be carried out where all Fishing Businesses get the opportunity to purchase shares in the share classes that they own at the set buying price. A pro rata reduction could also apply if there are more shares being asked to purchase than remain in the “pool of sellers”.

To maintain consistency with the Fishing Business buyouts already completed, an additional payment of \$20,000.00 should be made to Fishing Business owners that sell all of the shares that a Fishing Business holds through the share trading market and surrender the Fishing Business.

It would be beneficial for another share trading market to be run for the new species shares once they are issued. If this was to be the case, Fishing Business owners would need to be informed of this intention as soon as possible. I believe that there will be significant disparity between shareholdings of the new species shares and previous participation. Allowing no consideration of the new species shares creates an environment whereby fishers may need to acquire a particular share class (eg Estuary General Mudcrab Trapping) not for that share class but for the new share class (Mudcrab) that will be issued in the future.

Such a scheme provides a greater structure of certainty for those active operators needing to purchase shares as well as those operators considering leaving the industry. It gives guarantees only to those bids and offers that fall within a specific range - thus discouraging insincere bids and offers. Some Fishing Businesses will pay less than they bid to buy. Other Fishing Businesses will receive more than their offer price. Those who were unsuccessful will have an opportunity to amend bids and offers, albeit with no guarantee. Those fishers will have the full knowledge of the buying price and the selling price of each share class. They will be able to make a decision based firm information. It gives priority to active fishers with a share deficit who have been the backbone of the industry. The buying price needs to be as low as possible to reduce any financial burden.

It is most likely that many of the measures described above have already been put in place. I am sure it is a goal of the subsidised trading market to remove or at least reduce all share deficits of the Fishing Businesses participating with the lowest possible financial burden. Yet this has not been expressed to industry. Unfortunately many in the industry now feel that they must pay inflated prices in order to have a successful bid. Multiple rounds of bids add to the confusion, as a successful bid in one round may be deemed unsuccessful in the next round.

It is clear to me that many have become disillusioned. To restore goodwill, active fishers with a share deficit need to know that they are being given a fair go and not competing against investors or other fishers trying to purchase more shares than they would need to maintain their level of fishing activity. Those needing the shares need to be given every opportunity to acquire those shares at the lowest possible cost.

Of course, it is a difficult situation asking operators to purchase shares in order to maintain their levels of fishing activity. However, shares do have a monetary value and having the opportunity to purchase shares at a subsidised price is advantageous.

There are also uncertainties surrounding crewing arrangements in the NSW Ocean Hauling Fishery. While it is proposed that flexibility be given to operators by linking unendorsed crew

to shareholding there has been no final determination of the number of shares required. As such, any purchase of shares would be purely speculative in nature.

The Commercial Fisheries Business Adjustment Program provides the framework that will allow those operators who wish to grow their businesses to opportunity to do so. Yet this transition must be fair and amicable. Active fishers cannot be held to ransom.

Earlier this year the NSW Fisheries announced the share class linkages. Many operators have made decisions based upon this announcement. The truth is that delays in running the share trading market places those operators needing financial assistance in an even more difficult position. Share trading is continuing outside of the share trading market, further reducing the number of shares available for sale.

For too long the issues facing NSW commercial fishing industry have been put into the too hard basket. It is my opinion that taking no action leaves those trying to run a full time commercial fishing operation to a life of subsistence, waiting around - like lambs going to the slaughter - for the recreational fishing sector to begin the campaign for increased resource access.

Once again, thank you for the opportunity to make a submission regarding commercial fishing in New South Wales. I look forward to being part of this industry and being able to supply fresh seafood to consumers, with the knowledge that measures are in place to ensure sustainability of fisheries resources, and thus my livelihood.

Scott Massey.